

Pennsylvania Insurance Department – Bureau of Special Funds

*Actuarial Analysis for the Underground Storage Tank
Indemnification Fund and the Tank Installers Indemnification
Program*

As of June 30, 2012

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I. Introduction

Purpose

Aon Global Risk Consulting (AGRC) has been retained by the Pennsylvania Department of General Services (PA DGS) on behalf of the Pennsylvania Insurance Department, Bureau of Special Funds (PA BSF) to provide an actuarial review of the Underground Storage Tank Indemnification Fund (USTIF) and the Tank Installers' Indemnification Program (TIIP) as of June 30, 2012.

The estimated liabilities and projections included in this report are intended to be used to support the management of the USTIF and TIIP. These estimates are based on data valued as of June 30, 2012.

Background

The Underground Storage Tank Indemnification Fund began operation in February 1994 with the purpose of helping underground storage tank owners and operators comply with financial responsibility requirements established by the Federal Environmental Protection Agency (EPA) in the event of a regulated substance release from an eligible underground storage tank (UST). The USTIF also manages the Tank Installers' Indemnification Program which provides coverage to tank installers.

The USTIF is funded by the payment of capacity and throughput fees on regulated substances by tank owners and operators. The USTIF also receives revenue income from investments and other items. The TIIP is funded by the payment of annual certified company fees and tank installer activity fees by certified tank installer companies.

The USTIF issued a \$100mln loan to the Commonwealth of Pennsylvania on October 15, 2002 (General Fund Loan). The loan deadline for repayment is currently 2014.

Scope

The specific scope of our analysis is to provide the following:

- a. Estimate the unpaid loss and allocated loss adjustment expense (ALAE) as of June 30, 2012 for USTIF. The estimates will be provided on a net basis with respect to USTIF's limits and deductibles. Estimates will be provided on both a discounted and undiscounted basis. The interest rates used for discounting the unpaid losses was provided by PA BSF. A review of the appropriateness of the discount rate is outside of scope for this review.
- b. Evaluate the financial status of the USTIF as of June 30, 2012.
- c. Recommend fees for USTIF based on the Underground Storage Tank Indemnification Board (Board) requirements.



- d. Prepare a cash flow report for USTIF that projects payments and investment income through the twenty year period beginning July 1, 2012. The sensitivity of the results to the underlying interest rate assumption will also be tested. Pro forma balance sheets and income statements will be prepared for this period.
- e. Project the annual TIIP underwriting income for the ten year period beginning July 1, 2012.

Scope Limitation: The estimates included in this report do not include a provision for long-term monitoring expenses associated with claims having an environmental covenant. These types of claims have Post Remedial Care Plans (PRCP) that could require site monitoring to be performed for a period of up to 25 years. We have discussed this exposure with management and the Fund's third party administrator. Although no information is currently available, data collection procedures are being implemented to track these costs going forward.

* * * * *

We, Charles B. Kullmann, Jay Matthew South and Donald Riggins are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

We performed this analysis using generally accepted actuarial principles and in accordance with all relevant Actuarial Standards of Practice.

Please contact us if you have any questions regarding this report.

Respectfully submitted,

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II. Conditions and Limitations

Inherent Uncertainty

Actuarial calculations produce estimates of inherently uncertain future contingent events. We believe that the estimates provided represent reasonable provisions based on the appropriate application of actuarial techniques to the available data. However, there is no guarantee that actual future payments will not differ from estimates included herein.

Extraordinary Future Emergence

Our projections make no provision for the extraordinary future emergence of losses or types of losses not sufficiently represented in the historical data or which are not yet quantifiable.

Data Reliance

In conducting this analysis, we relied upon the provided data without audit or independent verification; however, we reviewed it for reasonableness and consistency. Any inaccuracies in quantitative data or qualitative representations could have a significant effect on the results of our review and analysis.

Discounting

The uncertainty inherent in the discounted unpaid loss estimates is greater than the uncertainty in the undiscounted loss estimates. This is because undiscounted liabilities normally contemplate an implicit risk margin for the variability in the loss estimation process (e.g., under- or over-estimating). Discounting takes away this implicit risk margin and would subject the unpaid loss estimates to additional risks such as yields on the investment portfolio and the timing risk. Future loss payments could occur more or less rapidly than expected due to random variations and the timing of large claim payments. We made no adjustment to account for these risk margins. The interest rates used for discounting the unpaid losses was provided by PA BSF. A review of the appropriateness of the discount rate is outside of scope for this review.

Use and Distribution

Use of this report is limited to PA BSF for the specific purpose described in the Introduction section. Other uses are prohibited without an executed release with Aon.

Distribution by PA BSF is unrestricted. We recognize that this report may be distributed to third parties. We request that Aon be notified of further distribution of this report. The report should only be distributed in its entirety including all supporting exhibits.



III. Executive Summary

Summary of Results

I. Estimated Outstanding Loss and ALAE for USTIF as of June 30, 2012

The following table summarizes the estimated outstanding loss and ALAE for USTIF as of June 30, 2012. Please see the Observation/Findings section of this report for more details.

Estimated Unpaid Loss and ALAE at 6/30/2012			
(1)	(2)	(3)	(4)
Report Year Beginning 1/1:	Estimated Ultimate Loss and ALAE	Paid Loss and ALAE	Estimated Total Outstanding as of 6/30/2012
1994	\$18,558,887	\$16,710,120	\$1,848,767
1995	51,597,604	44,481,220	7,116,384
1996	65,941,150	54,782,889	11,158,261
1997	83,514,026	69,868,218	13,645,808
1998	118,233,467	96,878,133	21,355,334
1999	141,602,488	111,635,611	29,966,877
2000	86,048,038	66,082,292	19,965,746
2001	101,129,408	73,282,030	27,847,378
2002	83,190,711	57,202,191	25,988,520
2003	53,332,706	34,547,270	18,785,436
2004	76,428,195	46,204,583	30,223,612
2005	56,778,185	31,679,023	25,099,162
2006	44,018,965	21,949,600	22,069,365
2007	50,820,417	23,018,153	27,802,264
2008	48,534,010	18,425,257	30,108,753
2009	49,894,500	13,864,095	36,030,405
2010	46,453,500	9,143,950	37,309,550
2011	53,406,698	3,592,947	49,813,751
1/1 - 6/30/2012	26,609,952	72,256	26,537,696
Total	1,256,092,904	793,419,838	462,673,066

II. Financial Position for USTIF as of June 30, 2012

The following table presents USTIF's estimated financial position as of June 30, 2012. The results are based on our ultimate loss and ALAE projections and the financial statement



information and projections provided by USTIF. Please see the Cash Flow and Actuarial Assumptions section of this report for more details.

Financial Position at 6/30/2012			
(1)	(2)	(3)	(4)
Assets		Undiscounted	Discounted at 4%
Cash and Invested Assets		\$142,766,399	\$142,766,399
DCED Loan Receivable		-	-
General Fund Loan Receivable		67,500,000	67,500,000
Interest receivable on GF Loan		13,968,481	13,968,481
Total Assets		224,234,880	224,234,880
Liabilities			
Outstanding Loss and ALAE		462,673,066	369,193,539
Other Liabilities		8,621,916	8,621,916
Total Liabilities		471,294,982	377,815,455
Surplus / (Deficit)		(247,060,102)	(153,580,575)

The discounted financial position only discounts the outstanding loss and ALAE expense. The interest rate of 4% used for discounting was selected based on discussions with USTIF. The discounting assumes that there are sufficient assets available which have suitably scheduled maturities and/or adequate liquidity to meet the assumed cash flow and investment requirements. This is not the case based on the current projections as the discounted position corresponds to a deficit.

We have been asked to evaluate the sensitivity of the results to the interest rate used for discounting. The total Surplus / (Deficit) based on interest rates of 3.5% and 4.5% are as follows:

	<u>Discounted at 3.5%</u>	<u>Discounted at 4.0%</u>	<u>Discounted at 4.5%</u>
Surplus / (Deficit)	(163,317,732)	(153,580,575)	(144,297,475)



III. Recommendations Regarding USTIF Fees

On September 29, 2003 the Board established a fee setting objective that requires having positive Cash and Invested Assets for a projection period of at least five years. The following tables (Cash Flow Table 1.1 and 1.2) present ten year cash flow projections for the current fee structure under the two scenarios requested by USTIF. Scenario 1 assumes that the GF Loan principal will be paid in full by 2014. Scenario 2 assumes that the GF loan will be renegotiated in 2014 and that future principal payments will consist of \$5mln per year beginning in 2014. Under both scenarios, our model predicts that the five year requirement for positive Cash and Invested Assets will be met under the current fee structure (Capacity / Throughput fees of \$.0825 / \$.011). In other words, no fee increases are necessary under the assumptions underlying this analysis and the requirement that positive cash and invested assets be maintained over a five year time horizon. However, the deficit will continue to grow during this period.

Cash Flow Table 1.1

GF Loan Scenario 1: Full Payment in 2014

Fee Structure : 0.0% Increase in Fees Effective 1/1/2013

All Values in \$000's

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Fiscal Year Beginning	Initial Cash & Invested Assets	Fee Revenue	Loss & ALAE Payments	Investment Income at 4% per annum	Other Cash Flows	Total Cash Flow	Ending Cash and Invested Assets	Undiscounted Year End Deficit	Discounted Year End Deficit
7/1/2012	142,766	60,300	(55,953)	5,611	(9,350)	608	143,374	(243,451)	(151,731)
7/1/2013	143,374	59,922	(57,246)	5,566	(11,122)	(2,880)	140,494	(244,338)	(153,897)
7/1/2014	140,494	59,547	(58,818)	7,090	72,789	80,608	221,102	(244,900)	(155,243)
7/1/2015	221,102	59,174	(61,278)	8,572	(11,487)	(5,018)	216,084	(248,502)	(159,098)
7/1/2016	216,084	58,804	(62,222)	8,373	(10,080)	(5,125)	210,959	(253,316)	(163,611)
7/1/2017	210,959	58,436	(63,544)	8,121	(10,782)	(7,769)	203,190	(261,728)	(171,170)
7/1/2018	203,190	58,071	(64,242)	7,782	(11,103)	(9,492)	193,699	(273,445)	(181,491)
7/1/2019	193,699	57,709	(64,571)	7,382	(11,437)	(10,917)	182,782	(288,645)	(194,782)
7/1/2020	182,782	57,349	(64,978)	6,923	(11,784)	(12,491)	170,291	(307,520)	(211,280)
7/1/2021	170,291	56,992	(64,192)	6,425	(12,146)	(12,921)	157,370	(330,114)	(231,094)
7/1/12-6/30/22	142,766	586,304	(617,043)	71,845	(26,502)	14,603	157,370	(330,114)	(231,094)

Please see the exhibit "Pro Forma 1.3 - Cash Flow" for the continuation of this projection through 6/30/2032. The Cash and Invested Assets are expected to remain positive under the assumptions in Cash Flow Table 1.1 through 6/30/2028.

The cash flow projections under Scenario 2 are as follows:



Cash Flow Table 1.2

GF Loan Scenario 2: Renegotiate Loan in 2014 Fee Structure : 0.0% Increase in Fees Effective 1/1/2013

All Values in \$000's

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Fiscal Year Beginning	Initial Cash & Invested Assets	Fee Revenue	Loss & ALAE Payments	Investment Income at 4% per annum	Other Cash Flows	Total Cash Flow	Ending Cash and Invested Assets	Undiscounted Year End Deficit	Discounted Year End Deficit
7/1/2012	142,766	60,300	(55,953)	5,611	(9,350)	0,608	143,374	(243,451)	(151,731)
7/1/2013	143,374	59,922	(57,246)	5,566	(11,122)	(2,880)	140,494	(244,338)	(153,897)
7/1/2014	140,494	59,547	(58,818)	5,540	(4,701)	1,568	142,062	(246,255)	(156,598)
7/1/2015	142,062	59,174	(61,278)	5,511	(6,487)	(3,080)	138,983	(252,543)	(163,139)
7/1/2016	138,983	58,804	(62,222)	5,389	(5,080)	(3,109)	135,874	(259,989)	(170,284)
7/1/2017	135,874	58,436	(63,544)	5,217	(5,782)	(5,672)	130,202	(270,975)	(180,416)
7/1/2018	130,202	58,071	(64,242)	4,963	(6,103)	(7,311)	122,890	(285,205)	(193,250)
7/1/2019	122,890	57,709	(64,571)	4,650	(6,437)	(8,649)	114,241	(302,854)	(208,991)
7/1/2020	114,241	57,349	(64,978)	4,281	(6,784)	(10,132)	104,109	(324,112)	(227,871)
7/1/2021	104,109	56,992	(64,192)	3,877	(7,146)	(10,468)	93,640	(349,018)	(249,998)
7/1/12 - 6/30/22	142,766	586,304	(617,043)	50,605	(68,992)	(49,126)	93,640	(349,018)	(249,998)

The Cash and Invested Assets are expected to remain positive under the assumptions in Cash Flow Table 1.2 through 6/30/2027. Additional details regarding the scenario modeled in Cash Flow Table 1.2 are available upon request.

We have been asked to evaluate the sensitivity of these results to the interest rate used for discounting. The total combined results for 7/1/12 – 6/30/22 based on interest rates of 3.5% and 4.5% under each of the GF loan scenarios are as follows:



Cash Flow Results under Additional Investment Rates – 7/1/12 through 6/30/2022 Combined

GF Loan Scenario 1: Full Payment in 2014

Fee Structure : 0.0% Increase in Fees Effective 1/1/2013

All Values Shown in \$000's

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Interest Rate	Initial Cash & Invested Assets	Fee Revenue	Loss & ALAE Payments	Investment Income	Other Cash Flows	Total Cash Flow	Ending Cash and Invested Assets	Undiscounted Year End Deficit	Discounted Year End Deficit
3.5%	142,766	586,304	(617,043)	61,354	(26,502)	4,113	146,879	(340,605)	(251,782)
4.0%	142,766	586,304	(617,043)	71,845	(26,502)	14,603	157,370	(330,114)	(231,094)
4.5%	142,766	586,304	(617,043)	82,818	(26,502)	25,576	168,343	(319,141)	(210,427)

Cash Flow Results under Additional Investment Rates – 7/1/12 through 6/30/2022 Combined

GF Loan Scenario 2: Renegotiate Loan in 2014

Fee Structure : 0.0% Increase in Fees Effective 1/1/2013

All Values Shown in \$000's

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Interest Rate	Initial Cash & Invested Assets	Fee Revenue	Loss & ALAE Payments	Invest. Income	Other Cash Flows	Total Cash Flow	Ending Cash and Invested Assets	Undiscounted Year End Deficit	Discounted Year End Deficit
3.5%	142,766	586,304	(617,043)	43,108	(68,992)	(56,624)	86,143	(356,515)	(267,692)
4.0%	142,766	586,304	(617,043)	50,605	(68,992)	(49,126)	93,640	(349,018)	(249,998)
4.5%	142,766	586,304	(617,043)	58,480	(68,992)	(41,251)	101,515	(341,143)	(232,428)

Although we have varied the interest rate in the above two tables, the GF Loan interest rate remains unchanged at 0.5% per annum.



IV. Alternative Fee Structures

As shown in the above cash flow projections, the deficit will continue to grow under the current fee structure. In order to ensure that the deficit does not grow over the ten year time horizon, the fees would have to be increased by approximately 12.3% under GF Loan scenario 1 and 15.1% under GF Loan scenario 2. Cash Flow Scenario 1 under the revised fee structure (+12.3%) is presented in the following table.

<u>Cash Flow Table 2.1</u>									
GF Loan Scenario 1: Full Payment in 2014									
Fee Structure : 12.3% Increase in Fees Effective 1/1/2013 (\$.0926 / \$.0124)									
All Values Shown in \$000's									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Fiscal Year Beginning	Initial Cash & Invested Assets	Fee Revenue	Loss & ALAE Payments	Investment Income at 4% per annum	Other Cash Flows	Total Cash Flow	Ending Cash and Invested Assets	Undiscounted Year End Deficit	Discounted Year End Deficit
7/1/2012	142,766	64,006	(55,953)	5,685	(9,350)	4,388	147,154	(239,671)	(147,951)
7/1/2013	147,154	67,288	(57,246)	5,865	(11,122)	4,784	151,938	(232,894)	(142,453)
7/1/2014	151,938	66,866	(58,818)	7,694	72,789	88,531	240,470	(225,532)	(135,875)
7/1/2015	240,470	66,447	(61,278)	9,492	(11,487)	3,175	243,645	(220,941)	(131,537)
7/1/2016	243,645	66,032	(62,222)	9,620	(10,080)	3,350	246,995	(217,280)	(127,575)
7/1/2017	246,995	65,619	(63,544)	9,706	(10,782)	0,999	247,995	(216,924)	(126,365)
7/1/2018	247,995	65,209	(64,242)	9,717	(11,103)	(0,419)	247,576	(219,568)	(127,613)
7/1/2019	247,576	64,802	(64,571)	9,679	(11,437)	(1,527)	246,050	(225,377)	(131,514)
7/1/2020	246,050	64,398	(64,978)	9,595	(11,784)	(2,770)	243,280	(234,531)	(138,291)
7/1/2021	243,280	63,997	(64,192)	9,484	(12,146)	(2,856)	240,424	(247,060)	(148,040)
7/1/12 - 6/30/22	142,766	654,665	(617,043)	86,537	(26,502)	97,657	240,424	(247,060)	(148,040)

An alternative to a one-time fee increase at 1/1/2013 would be level annual fee increases during the ten year period. The annual increase required to keep the deficit from growing under GF Loan Scenario 1 is approximately 2.6%.

The Scenario 2 cash flow projections under the revised fee structure (+15.1%) are presented in the following table.



Cash Flow Table 2.2

GF Loan Scenario 2: Renegotiate Loan in 2014

Fee Structure : 15.1% Increase in Fees Effective 1/1/2013 (\$.0949 / \$.0127)

All Values Shown in \$000's

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Fiscal Year Beginning	Initial Cash & Invested Assets	Fee Revenue	Loss & ALAE Payments	Investment Income at 4% per annum	Other Cash Flows	Total Cash Flow	Ending Cash and Invested Assets	Undiscounted Year End Deficit	Discounted Year End Deficit
7/1/2012	142,766	64,849	(55,953)	5,702	(9,350)	5,248	148,015	(238,810)	(147,090)
7/1/2013	148,015	68,964	(57,246)	5,933	(11,122)	6,528	154,543	(230,290)	(139,848)
7/1/2014	154,543	68,532	(58,818)	6,282	(4,701)	11,295	165,838	(222,479)	(132,822)
7/1/2015	165,838	68,103	(61,278)	6,640	(6,487)	6,979	172,817	(218,709)	(129,305)
7/1/2016	172,817	67,677	(62,222)	6,920	(5,080)	7,295	180,112	(215,750)	(126,045)
7/1/2017	180,112	67,254	(63,544)	7,163	(5,782)	5,092	185,204	(215,972)	(125,414)
7/1/2018	185,204	66,834	(64,242)	7,338	(6,103)	3,827	189,031	(219,065)	(127,110)
7/1/2019	189,031	66,417	(64,571)	7,469	(6,437)	2,878	191,909	(225,186)	(131,323)
7/1/2020	191,909	66,003	(64,978)	7,561	(6,784)	1,801	193,710	(234,510)	(138,270)
7/1/2021	193,710	65,592	(64,192)	7,633	(7,146)	1,887	195,598	(247,060)	(148,040)
7/1/12 - 6/30/22	142,766	670,225	(617,043)	68,642	(68,992)	52,831	195,598	(247,060)	(148,040)

An alternative to a one-time fee increase at 1/1/2013 would be level annual fee increases during the ten year period. The annual increase required to keep the deficit from growing under GF Loan Scenario 2 is approximately 3.1%.

V. Projected Underwriting Income for TIIP

The projected TIIP underwriting income for the period 7/1/2012 through 6/30/2022 is presented in the following table. Based on these projections, the current fee schedule is not expected to generate sufficient revenue to cover projected losses and expenses for this 10 year period. The total fee revenue for the periods prior to 7/1/2012 is approximately \$3.3mln with total reported loss and paid ALAE expense for this period of approximately \$2.35mln.



<u>TIIP Loss and Expense Projections</u>				
Incurred by Fiscal Year				
(1)	(2)	(3)	(4)	(5)
<u>Fiscal Year</u>	Total Revenue	Estimated Total Annual Cost	Underwriting Income	Cumulative Underwriting Income
7/1/12 - 6/30/13	285,500	305,050	(19,550)	(19,550)
7/1/13 - 6/30/14	285,500	316,202	(30,702)	(50,252)
7/1/14 - 6/30/15	285,500	327,766	(42,266)	(92,518)
7/1/15 - 6/30/16	285,500	339,756	(54,256)	(146,774)
7/1/16 - 6/30/17	285,500	352,188	(66,688)	(213,462)
7/1/17 - 6/30/18	285,500	365,079	(79,579)	(293,041)
7/1/18 - 6/30/19	285,500	378,447	(92,947)	(385,987)
7/1/19 - 6/30/20	285,500	392,307	(106,807)	(492,795)
7/1/20 - 6/30/21	285,500	406,681	(121,181)	(613,975)
7/1/21 - 6/30/22	285,500	421,585	(136,085)	(750,061)
Total	2,855,000	3,605,061	(750,061)	

Observations/Findings

The management of USTIF has initiated a number of cost containment initiatives and case reserving changes in recent years.

- An "early closing program" began in 2004 in which the PA BSF began working with the PA Department of Environmental Protection (DEP) to identify "stalled" sites and then putting them out for competitive bidding.
- A 60 day reporting requirement was instituted in 2003 (Pa Code 977.34) which requires that claims be filed with USTIF within 60 days after confirmation of the release or coverage will be denied.
- Fixed price contracts have been aggressively pursued since 2004. The process involves competitive bidding for the site assessment and remediation work. In addition to cutting costs, the use of fixed price contracts is expected to reduce the time required for claim closure.



- The EPA mandated tank upgrade (1998) and more frequent inspections by the DEP have served to reduce claim frequency. The mandated tank upgrade requires tank owners and operators to protect their tanks from corrosion and install spill-and-overflow prevention equipment. The owners and operators were given approximately ten years to comply with this requirement.
- USTIF modified its reserving philosophy in 2003. The current approach is to set-up a preliminary reserve of \$125K until claim eligibility is determined. Once eligibility is confirmed, the preliminary reserve is increased to \$175K. A more refined case reserve is then set within a year based on the specific circumstances of the claim.

These changes appear to be having a positive impact on USTIF's loss experience. We have observed the following in our review of the data:

- Claim frequency has declined significantly since 1999. Although there is year-to-year variability, the frequency rate appears to have leveled off beginning sometime around 2008. The number of filed claims during 2010 was especially low, whereas the last twelve months have seen elevated filing rates.
- There is evidence that claims are being closed more quickly and more recent periods have a higher percentage of paid loss to incurred loss compared to prior periods at the same age.
- The average expense cost per claim has been increasing. As noted above, PA BSF expects the increase in expense cost to lead to a reduction in indemnity costs. Although there is evidence that indemnity cost levels have been reduced, it's still early to draw a definitive conclusion from the loss data. We will continue to monitor the indemnity losses as they mature and evaluate the impact.



IV. Program Description

Pennsylvania's Underground Storage Tank Indemnification Fund began operation in February 1, 1994 with the purpose of assisting Pennsylvania tank owners in meeting their financial responsibilities due to releases from underground storage tanks.

The fund covers corrective action and third party liability costs on eligible claims for \$1,500,000 above a \$5,000 deductible for each per tank per occurrence. Claim payments are limited to \$1,500,000 per occurrence with an aggregate limit of \$1,500,000 or \$3,000,000, depending on whether an owner or operator has less than or more than 100 USTs, respectively. Prior to 1/2002, the limit was \$1,000,000 and prior to 1/1995, the deductible was \$10,000.

The Bureau of Special Funds sustains the operation of USTIF by means of the throughput and capacity fees paid by UST owners and operators, as well as the income generated from the investment of assets. The current throughput and capacity fees are \$0.011 per gallon and \$0.0825 per gallon, respectively. For the throughput fees, each distributor must assess the fee on regulated substance deliveries to regulated USTs. The bulk of throughput fees are generated by gasoline deliveries. For the capacity fee, the owner or operator of USTs storing heating oil, diesel fuel, kerosene, and used motor oil products must pay the annual fee per gallon of tank capacity. These fees have varied over time.

The Bureau of Special Funds also operates the Tank Installers' Indemnification Program to cover the financial liabilities for all certified Pennsylvania tank installers. TIIP went into effect on January 1, 2002. The same coverage as the tank owners is provided for installers. The current TIIP fee structure consists of activity and company fees. All certified companies must pay an annual fee of \$1,000. Activity fees are \$15 for tank removals and \$50 for installations or modifications.

The actuarial analysis for USTIF is in the main section of our review. The actuarial analysis for TIIP is provided in the Appendix.



V. Data

Our analysis was performed using historical loss and exposure information provided by USTIF and their third party claims administrator, ICF Consulting. It's our understanding that the loss data provided was net of all applicable limits and deductibles.

The data used in our analysis included the following:

USTIF Data

- Paid and incurred loss triangles valued as of 6/30/2012
- Paid ALAE expense triangles valued as of 6/30/2012
- Open, closed and reported claim count triangles valued as of 6/30/2012
- Detailed listing of fixed priced contracts
- Detailed claims listing underlying the triangles and valued as of 6/30/2012
- Fee history and number of registered tanks by year
- Financial Statements as of June 30, 2012
- Investment income and growth rate assumptions
- GF Loan repayment schedules
- Expected future ICF consulting costs

TIIP Data

- Detailed listing of all TIIP claims valued as of 6/30/2012
- Historical fee revenue by fiscal year
- Number of installations, major modifications & tank removals/closures by year
- Projected number of certified companies for 2012/13
- Projected Unallocated Loss Adjustment Expense (ULAE) for 2012/13
- Expected growth rate assumptions



VI. Actuarial Analysis

Overview

This analysis applies multiple actuarial reserving methods to arrive at a range of ultimate loss or ALAE indications by policy period. A final ultimate loss or ALAE estimate is selected based on a review of the indications under the methods considering the strengths and weaknesses of each method and the circumstances surrounding the data. Specifically, we employed the following actuarial methods:

- Paid Development Method (Loss and ALAE)
- Incurred Development Method (Loss Only)
- Reported Claim Count Development Method
- Incurred Generalized Cape Cod Method (Loss Only)
- Paid Generalized Cape Cod Method (Loss and ALAE)

A brief description of each method is provided in the following paragraphs.

Methods/Models of Estimating Unpaid Loss and ALAE Expense

Development Methods

The distinguishing characteristic of the development method is that ultimate estimates for each period are produced from recorded values assuming that future claims' development is similar to prior years' development. In this method, development triangles are used to track the development history of a specific group of claims. The underlying assumption in the development technique is that claims recorded to date will continue to develop in a similar manner in the future. That is, the development technique assumes that the relative change in a given year's claims from one evaluation point to the next is similar to the relative change in prior years' claims at similar evaluation points.

An implicit assumption in the development technique is that, for an immature policy year, the claims activity observed thus far tells you something about the claims activity yet to be observed. As a result, the development method is considered a method that is responsive to the known claims data. For instance, the paid development method tends to give a very high (or very low) estimate for an immature year with a very high (or very low) volume of payments. Other important assumptions of the development method include: consistent claim processing, a stable mix of types of claims, stable policy limits, and stable reinsurance (or excess insurance) retention limits throughout the experience period.

The development method is implemented using the following steps:



1. Compile the claims data in a development triangle to compare the movements in each prior period's data at equal age intervals.
2. Calculate Age-to-Age factors at each age for the historical periods.
3. Review the factors at each age and select the age factors that will apply in the future.
4. Select a tail factor that represents the development that will occur beyond the age horizon provided by the historical data.
5. Calculate the cumulative development factors ("Age-to-Ultimate" factors) by combining the incremental Age-to-Age factors.
6. Apply the Age-to-Ultimate factors to the claims data at the current valuation to arrive at the ultimate estimates.

Generalized Cape Cod Method

As discussed above, the development methods can be very responsive to the claims data. This may not be a desirable characteristic for immature years in which the claims data does not provide predictive value. This is particularly true for long-tailed lines of business such as environmental coverage types which are typically slow to develop. An alternative approach which is not responsive to the claims data would be to assume an a priori or predetermined ultimate outcome until the policy period's data becomes predictive. ("Expected Method").

The Generalized Cape Cod (GCC) Method can be thought of as a mixture of the Expected and Development approaches. The GCC method splits the ultimate estimate into two components: the known component and the expected unknown component. The split between the known and unknown components is determined by the development patterns identified in the development method. The inclusion of the expected unknown component adds stability to the method and the split based on the development pattern serves to add more or less stability based on the expected predictive value of the loss data.

The unknown component is estimated by combining the development method ultimate estimates from "nearby" periods after adjustments are made for differences in exposure and cost levels. For instance, the differences could be due to inflation, coverage changes or other environmental factors. When the GCC method is implemented, the weight given to nearby periods in the calculation of the unknown component is controlled by the value assigned to the Cape Cod decay factor. The differences in exposure and cost levels are controlled through the use of an exposure proxy and trend index.

Cash Flow and Actuarial Assumptions

The main assumptions of our USTIF cash flow and actuarial analyses follow; please see the Description of Appendix Exhibits section for details on the TIIP analysis.



- The future throughput revenue is difficult to project given the recent fluctuations in the price of oil. Our assumptions are based on the Energy Information Administration's (EIA) review of the Middle Atlantic projected motor gasoline consumption growth rate. The EIA provides an annual energy outlook which projects the consumption growth rate under a number of scenarios. Based on a review of the results, we have selected a long-term negative growth rate of 0.7%. The 2012/13 throughput revenue is expected to be \$54mln based on a review of the historical information and discussions with USTIF.
- The future number of registered tanks is expected to grow at a rate of 0% based on discussions with USTIF. As a result, the capacity fee growth rate is also assumed to be 0% in the absence of fee increases. The 2012/13 capacity fee revenue is expected to be \$6.3mln based on a review of the historical information and discussions with USTIF.
- The return on cash and invested assets is assumed to be 4% based on discussions with USTIF. We have also evaluated the sensitivity of the results to an increase or decrease in this rate of 0.5%.
- The DCED loan balance is now \$0.
- There is uncertainty regarding the principal payment schedule for the General Fund loan. We have been asked to model two scenarios. Scenario 1 assumes that the GF Loan principal will be paid in full by 2014. Scenario 2 assumes that the GF loan will be renegotiated in 2014 and that future principal payments will consist of \$5mln per year beginning in 2014. Under both scenarios, the interest rate applied to the outstanding loan balance and the interest receivable is assumed to be 0.5%. This rate is tied to a Treasury Fund and was provided by PA BSF.
- The expense inflation trend applicable to both claims administration and other expenses is assumed to be 4% based on discussions with USTIF. The other expense cost expectations for 2012/13 were selected based on a review of the financial statements and discussions with USTIF. Claims administration cost projections are discussed below.
- Our pro forma balance sheet includes a liability titled "other liabilities" which captures the estimated liability created by USTIF's four week lag in processing payments. The liability is set equal to 7.8% of the loss and ALAE payments for the prior twelve month period.
- The income and cash flow analyses include an item titled "DEP Assistance". These expected payments are a result of Senate Bill 722 passed in 2005. Section 5 of the act reads "The department may request the board to reimburse the department up to \$3mln annually for its cost related to investigating, determining responsibility, overseeing remediation and third party response and closing out cases of spills and leaks related to storage tanks beginning in fiscal year 2007-2008." There is considerable uncertainty in the expected payments related to this Bill due to their dependence on factors such as the number of claims, number of grants applied for, the amount of money received from the General Fund and the amount of Federal stimulus money. Based on discussions with USTIF, we have made the following assumptions: The annual costs for



Environmental, Pollution Prevention and Catastrophe Release are expected to be \$2.9mln in 2012/13. These costs are assumed to be level going forward. Administrative expenses are assumed to be \$0.9mln in 2012/13 with a future annual trend rate of 4%. Operational expenses are assumed to be \$1.7mln in 2012/13 with a future annual trend rate of 4%. As noted above, the annual operational expense costs are not to exceed \$3mln.

- USTIF provided estimated annual claims administration costs for the period 7/1/2012 through the end of our projection period. The current agreement with their TPA, ICF Consulting, has an effective date of 1/2007. Under that contract, ICF received a per claim payment for each open file ("takeover fee"). ICF was then entitled to additional takeover fees paid every other year based on the number of claims remaining open. These fees are in addition to vendor fees received for claim closures, new claims assigned and other administrative and miscellaneous charges. The impact of the takeover fees on TPA costs is that the costs will tend to be higher one year and then drop the following year with this two year pattern repeating. The estimated annual claims administration costs provided by USTIF follow this pattern out through the 2017 contract end date with each two year block repeating. Subsequently, a 4% annual expense trend is applied through the end of the projection period.
- The prospective frequency and severity trends were selected based on a review of the trends in the historical data and our actuarial estimates. The selected trend rates are as follows: claim frequency trend is 0%, loss severity trend is +3.5% and ALAE severity trend is +4.5%. These trend rates are applied to the selected 2012/13 claim severities and frequency rate to give the future loss and ALAE projections. Please see Pro Form Exhibit 8 for more details.
- The "other cash" item in the cash flow analysis represents recovery amounts from subrogation and Federal EPA / Coast Guard funds (catastrophic release sites). These values tend to vary quite a bit from year to year. For purposes of our analysis, we have assumed \$150,000 of other cash per year throughout the projection period. These values were selected based on discussions with USTIF and are intended to be placeholders which do not materially impact the results of our analysis.



VII. Description of Exhibits

Description of Exhibits - USTIF

In this section, we provide a description of the exhibits that support the USTIF loss and ALAE expense estimates. The exhibit discussion is presented in reverse order to match the natural flow of our analysis from data to estimates.

Data Summary – Fixed Price Contracts Through Close (Exhibit 28)

Exhibit 28 summarizes the number of fixed price contracts for each policy year. The counts shown are the incremental number of fixed price contracts entered into as of each age based on the contract date of each agreement. For instance, the year 2 value for 2005 represents the number of fixed price contracts entered into during the period from 1/1/2006 through 12/31/2006. Only fixed price contracts expected to result in claim closure are included in this exhibit.

Data Summary - Loss, ALAE Expense and Claim Counts (Exhibits 25 through 27)

Exhibit 27 provides a summary of the claim count data by status type as of 6/30/2012. The total number of claims has been at a lower level in recent periods. According to USTIF, some possible drivers of this decrease are the mandatory tank upgrade instituted in 1998, more frequent inspections by the DEP and the 60 day reporting requirement which began in 2003.

The total number of open claims at recent valuation dates is presented in Exhibit 26. The number of open claims as of each valuation date has been decreasing since 2006. The decrease appears to be driven by USTIF's transition to fixed-priced contracts as well as the effects of the early closing program that started in 2004. Under the latter, USTIF works with the DEP to identify "stalled" sites and then puts them out for competitive bidding.

Exhibit 25 summarizes the loss and ALAE expense data as of 6/30/2012. Both paid and case incurred loss is summarized. USTIF does not set case reserves for ALAE, so only paid ALAE expense is data is summarized.

Data Summary - Supplemental Data Triangles (Exhibits 16 through 24)

Exhibits 16 through 24 present the following data triangles:

- Average Paid ALAE (Exhibit 24)
- Ratio of Paid ALAE to Paid Loss (Exhibit 23)
- Average Case Outstanding Loss per Open Claim (Exhibit 22)
- Average Paid Loss per Closed Claim (Exhibit 21)
- Average Incurred Loss per Reported Claim (Exhibit 20)



- Ratio of Closed to Reported Claim Counts (Exhibit 19)
- Ratio of Paid Loss to Incurred Loss (Exhibit 18)
- Open Claim Counts (Exhibit 17)
- Closed Claim Counts (Exhibit 16)

Development Factors (Exhibits 11 through 15)

Exhibits 12 through 15 provide our review of the historical loss, ALAE expense and claim count development patterns. Age-to-Age development factors are selected at each age based on a review of the data and our actuarial judgment. Age-to-Ultimate factors are then computed by combining the Age-to-Age factors multiplicatively. The specific reviews are as follows:

- Paid ALAE Expense Development Factors (Exhibit 15)
- Reported Claim Count Development Factors (Exhibit 14)
- Paid Loss Development Factors (Exhibit 13)
- Incurred Loss Development Factors (Exhibit 12)

Exhibit 11 summarizes the selected cumulative development factors based on these reviews.

Generalized Cape Cod Method - Paid ALAE (Exhibit 10)

Exhibit 10 presents the estimated ultimate ALAE using the GCC method applied to the paid ALAE expense. We use the ultimate loss estimates from Exhibit 2 as the exposure proxy for this analysis. The exposure proxy is adjusted for the change in exposure associated with the coverage limit increase occurring in 2002. This adjustment is based on an increased limit adjustment factor (ILF) selected based on a review of the available data.

Paid ALAE Development Method (Exhibit 9)

The paid ALAE development method is presented in Exhibit 9. The paid ALAE development factors at each age are multiplied by the actual paid ALAE as of 6/30/2012 to estimate the ultimate ALAE expense.

Summary of Ultimate ALAE Indications (Exhibit 8)

Exhibit 8 summarizes the estimated ultimate ALAE using the Paid Development method and the Cape Cod method. The ultimate ALAE expense is then selected by policy period based on a review of the indications and our actuarial judgment.

Reported Claim Count Development Method (Exhibit 7)



The Reported Claim Count Development method is presented in Exhibit 7. The claim count development factors at each age are multiplied by the actual claim counts as of 6/30/2012 to estimate the ultimate number of claims. Policy periods are on a claims-made basis, so only the most recent period is subject to development. The ultimate number of claims is used as the exposure proxy for the Generalized Cape Cod loss methods.

Generalized Cape Cod Method - Paid Loss (Exhibit 6)

Exhibit 6 presents the estimated ultimate loss using the GCC method applied to paid loss. We use the ultimate claim count estimates from Exhibit 7 as the exposure proxy for this analysis. The exposure proxy is adjusted for the change in exposure associated with the coverage limit increase occurring in 2002. This adjustment is based on an increased limit adjustment factor selected based on a review of the available data.

Generalized Cape Cod Method - Reported Loss (Exhibit 5)

Exhibit 5 presents the estimated ultimate loss using the GCC method applied to reported loss. We use the ultimate claim count estimates from Exhibit 7 as the exposure proxy for this analysis. The exposure proxy is adjusted for the change in exposure associated with the coverage limit increase occurring in 2002. This adjustment is based on an increased limit adjustment factor selected based on a review of the available data.

Paid Loss Development Method (Exhibit 4)

The Paid Loss Development method is presented in Exhibit 4. The paid loss development factors at each age are multiplied by the actual paid loss as of 6/30/2012 to estimate the ultimate loss.

Incurred Loss Development Method (Exhibit 3)

The Incurred Loss Development method is presented in Exhibit 3. The incurred loss development factors at each age are multiplied by the actual incurred loss as of 6/30/2012 to estimate the ultimate loss.

Summary of Ultimate Loss Indications (Exhibit 2)

Exhibit 2 summarizes the estimated ultimate loss using the Development methods and the GCC methods. The ultimate loss is then selected by policy period based on a review of the policy year indications and our actuarial judgment.

Summary of Estimated Loss and ALAE Expense Reserves (Exhibit 1)

Exhibit 1(a) summarizes the ultimate loss estimates and presents the corresponding paid, unpaid, reported and unreported loss components. Exhibit 1(b) summarizes the ultimate ALAE expense estimates and presents the corresponding paid and unpaid expense components.

Description of Pro Forma Exhibits - USTIF



In this section, we provide a description of the exhibits that support the balance sheet, income statement and cash flow statement as of June 30, 2012 and the subsequent twenty year financial projections.

Paid Loss & ALAE (Pro Forma 13)

Pro Forma 13 provides a summary of the paid loss, paid ALAE and the combined total by policy period. The values shown are taken directly from Exhibit 25.

Summary of Estimated Ultimate Loss & ALAE (Pro Forma 12)

Pro Forma 12 provides a summary of the estimated ultimate loss, estimated ultimate ALAE and the combined total by policy period. The values shown are taken directly from Exhibit 2 and Exhibit 8.

Estimated Payment Pattern (Pro Forma 10 and Pro Forma 11)

Pro Forma Exhibit 11 presents our review of the historical loss & ALAE payments. The payment percentages shown in the bottom triangle are stated relative to the ultimate loss and ALAE for each policy period. The selected payment pattern is based on a review of the data values and our professional judgment. The selected pattern is summarized in Pro Forma Exhibit 10. An interpolated pattern is also presented for ages other than those presented in Pro Forma Exhibit 11.

Frequency and Severity Trend Selections (Pro Forma 9)

Pro Forma Exhibit 9 presents the historical claim frequency, average loss severity and average ALAE severity values implied by our estimates. Trend rates are selected based on a review of the empirical trends and our professional judgment. The selected trend rates are used to project ultimate loss and ALAE for the future periods.

Projected Ultimate Loss & ALAE for Future Periods (Pro Forma 7 and Pro Forma 8)

Pro Forma Exhibit 8 presents the selection of the 2012/13 ultimate claim frequency, ultimate loss severity and ultimate ALAE severity. The selections are based on a review of the historical statistics trended to 2012/13 frequency and cost levels.

Pro Forma Exhibit 7 presents the loss and ALAE projections for the period July 1, 2012-13 through July 1, 2031-32. The projections are based on the assumptions in Pro Forma Exhibit 8 and Pro Forma Exhibit 9.

Projected Payments for Unpaid Loss and ALAE at 6/30/2012 (Pro Forma 3 & Pro Forma 5)

Pro Forma Exhibit 5 computes the loss and ALAE payment patterns for each historical period based on the payment patterns selected in Pro Forma Exhibit 10. Pro Forma Exhibit 3 applies these patterns to the unpaid loss as of 6/30/2012 to project the payment streams for the unpaid loss and ALAE as of 6/30/2012.



Projected Payments of Loss and ALAE for Future Periods (Pro Forma 4 & Pro Forma 6))

Pro Forma Exhibit 6 computes the loss and ALAE payment patterns for each future period based on the payment patterns presented in Pro Forma Exhibit 10. Pro Forma Exhibit 4 applies these patterns to the future loss and ALAE projections to estimate the payment streams for the loss and ALAE associated with the future exposure periods.

Fee Revenue Summary and Projections (Pro Forma 2)

Pro Forma Exhibit 2 summarizes the capacity fees and throughput fees for the historical years. The fees are then restated at current rate levels. Based on review of these values, the 2012/13 expected revenue level is selected.

Cash Flow Statement (Pro Forma 1.3)

Pro Forma Exhibit 1.3 provides the Cash Flow Statements for fiscal year beginning July 1, 2012 through July 1, 2031 based on our analysis. The projections assume that the current fee structure will be in effect during the entire period and that the GF Loan will be paid in full by 2014. A summary of the results under other fee structures are included in the Executive Summary.

Income Statement (Pro Forma 1.2)

Pro Forma Exhibit 1.2 provides the Income Statements for each fiscal year beginning July 1, 2012 through July 1, 2031 based on our analysis. The projections assume that the current fee structure will be in effect during the entire period and that the GF Loan will be paid in full by 2014. A summary of the results under other fee structures are included in the Executive Summary.

Balance Sheet (Pro Forma 1.1)

Pro Forma Exhibit 1.1 provides the Balance Sheet Statements for each fiscal year ending June 30, 2012 through June 30, 2032 based on our analysis. The projections assume that the current fee structure will be in effect during the entire period and that the GF Loan will be paid in full by 2014. A summary of the results under other fee structures are included in the Executive Summary.

Description of Appendix Exhibits - TIIP

In this section, we provide a description of the exhibits that support the projected annual TIIP underwriting income for the ten year period beginning July 1, 2012.

Exposure Summary (Appendix Exhibit 6)

Appendix Exhibit 6 summarizes the historical fee revenue and the number of tank removals, modifications and installations by period. The number of activities is projected for the 2012/13 period based on a review of the data and discussions with TIIP representatives.



Summary of Claims Data (Appendix Exhibit 5)

Appendix Exhibit 5 provides a summary of the detailed TIIP claims data valued as of June 30, 2012. There have been twenty three filed claims since 2002 with nine claims open or on appeal. The total reported loss & paid ALAE expense is approximately \$2.35mln.

Estimated Loss Rate (Appendix Exhibit 4)

Appendix Exhibit 4 provides the support for our selected 2012/13 loss rate. The loss rate represents the expected ultimate loss per installed tank for the 2012/13 policy year. The estimation procedure is based on methods similar to those used in the USTIF analysis. Once the ultimate loss estimates are derived by policy year, they are trended to adjust for differences in cost levels and expressed relative to the exposure base (number of installed tanks). The 2012/13 loss rate is selected based on a review of the indications and our professional judgment.

Revenue Projections for 2012/13 (Appendix Exhibit 3)

The projected revenue for 2012/13 is based on the current fee structure and the projected number of activities / licensed companies is presented in Appendix Exhibit 3.

Loss and Expense Projections (Appendix Exhibit 2)

Appendix Exhibit 2 presents the loss and expense projections for the period 7/1/2012 through 6/30/2022. The number of tanks installed is expected to trend forward at 0% based on discussions with TIIP representatives. The loss estimates are based on the loss rate selected in Appendix Exhibit 4. The annual ALAE expense costs are assumed to be at the same levels (relative to loss) as those implied in the USTIF projections. The estimated ULAE expense expectations were provided by TIIP.

Summary of Results (Appendix Exhibit 1)

The revenue and loss and expense projections are combined and summarized in Appendix Exhibit 1.



VIII. Exhibits



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Balance Sheet (Under Current Fee Structure)
General Fund Loan Scenario #1: Full Payment in 2014**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
as of:	6/30/12	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22
Cash & Invested Assets	142,766,399	143,374,273	140,494,177	221,102,067	216,083,755	210,958,835	203,190,186	193,698,614	182,781,547	170,290,687	157,369,543
DCED Loan Receivable	-	-	-	-	-	-	-	-	-	-	-
General Fund Loan Receivable	67,500,000	67,500,000	67,500,000	-	-	-	-	-	-	-	-
Interest Receivable on GF Loan	13,968,481	14,375,823	14,785,203	-	-	-	-	-	-	-	-
Total Assets	224,234,880	225,250,096	222,779,380	221,102,067	216,083,755	210,958,835	203,190,186	193,698,614	182,781,547	170,290,687	157,369,543
Loss Outstanding	462,673,066	460,336,699	458,652,670	457,413,983	455,806,298	455,421,880	455,962,097	458,133,203	462,390,055	468,742,557	478,476,737
Other Liabilities	8,621,916	8,364,313	8,465,199	8,587,786	8,779,652	8,853,294	8,956,423	9,010,888	9,036,535	9,068,318	9,006,955
Total Liabilities	471,294,982	468,701,011	467,117,870	466,001,769	464,585,950	464,275,174	464,918,520	467,144,091	471,426,590	477,810,875	487,483,692
Undiscounted Surplus (Deficit)	(247,060,102)	(243,450,915)	(244,338,490)	(244,899,703)	(248,502,194)	(253,316,339)	(261,728,334)	(273,445,477)	(288,645,043)	(307,520,187)	(330,114,149)
Discount in Loss Outstanding (4%)	93,479,527	91,720,042	90,441,107	89,657,168	89,404,190	89,705,152	90,558,394	91,954,942	93,862,931	96,240,605	99,019,660
Discounted Surplus (Deficit)	(153,580,575)	(151,730,874)	(153,897,382)	(155,242,535)	(159,098,004)	(163,611,186)	(171,169,941)	(181,490,535)	(194,782,112)	(211,279,582)	(231,094,489)
as of:		6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30	6/30/31	6/30/32
Cash & Invested Assets		142,510,904	125,774,807	106,591,688	83,836,769	57,917,702	28,029,305	(6,345,972)	(45,401,967)	(89,522,600)	(138,999,912)
DCED Loan Receivable		-	-	-	-	-	-	-	-	-	-
General Fund Loan Receivable		-	-	-	-	-	-	-	-	-	-
Interest Receivable on GF Loan		-	-	-	-	-	-	-	-	-	-
Total Assets		142,510,904	125,774,807	106,591,688	83,836,769	57,917,702	28,029,305	(6,345,972)	(45,401,967)	(89,522,600)	(138,999,912)
Loss Outstanding		490,239,019	504,275,575	520,217,253	537,177,356	555,820,290	575,515,631	596,016,870	617,444,565	639,745,674	662,977,640
Other Liabilities		9,058,600	9,098,749	9,175,682	9,330,066	9,441,222	9,610,466	9,808,184	10,006,088	10,218,077	10,435,902
Total Liabilities		499,297,619	513,374,323	529,392,936	546,507,423	565,261,512	585,126,097	605,825,054	627,450,653	649,963,751	673,413,542
Undiscounted Surplus (Deficit)		(356,786,715)	(387,599,517)	(422,801,248)	(462,670,653)	(507,343,810)	(557,096,793)	(612,171,026)	(672,852,620)	(739,486,351)	(812,413,454)
Discount in Loss Outstanding (4%)		102,130,717	105,524,939	109,154,759	112,996,645	117,031,826	121,240,834	125,622,068	130,177,517	134,908,972	139,819,375
Discounted Surplus (Deficit)		(254,655,998)	(282,074,578)	(313,646,488)	(349,674,008)	(390,311,984)	(435,855,958)	(486,548,958)	(542,675,102)	(604,577,379)	(672,594,079)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Income Statement (Under Current Fee Structure)
General Fund Loan Scenario #1: Full Payment in 2014**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Fiscal Year Beginning:	7/1/12	7/1/13	7/1/14	7/1/15	7/1/16	7/1/17	7/1/18	7/1/19	7/1/20	7/1/21	
Capacity Fee Revenue	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000
Throughput Fee Revenue	54,000,000	53,622,000	53,246,646	52,873,919	52,503,802	52,136,275	51,771,321	51,408,922	51,049,060	50,691,716	
Subtotal	60,300,000	59,922,000	59,546,646	59,173,919	58,803,802	58,436,275	58,071,321	57,708,922	57,349,060	56,991,716	
Incurred Losses & ALAE	(53,616,360)	(55,562,115)	(57,579,085)	(59,669,902)	(61,837,297)	(64,084,103)	(66,413,261)	(68,827,818)	(71,330,940)	(73,925,907)	
Claim Administration	(2,300,000)	(3,900,000)	(2,300,000)	(3,900,000)	(2,300,000)	(2,800,000)	(2,912,000)	(3,028,480)	(3,149,619)	(3,275,604)	
Other Expenses	(1,700,000)	(1,768,000)	(1,838,720)	(1,912,269)	(1,988,760)	(2,068,310)	(2,151,042)	(2,237,084)	(2,326,567)	(2,419,630)	
Subtotal	(57,616,360)	(61,230,115)	(61,717,805)	(65,482,170)	(66,126,056)	(68,952,413)	(71,476,303)	(74,093,382)	(76,807,126)	(79,621,141)	
Underwriting Income	2,683,640	(1,308,115)	(2,171,159)	(6,308,251)	(7,322,254)	(10,516,138)	(13,404,982)	(16,384,460)	(19,458,067)	(22,629,425)	
DCED Loan Interest Payments	-	-	-	-	-	-	-	-	-	-	
Interest Receivable on GF Loan	407,342	409,379	204,570	-	-	-	-	-	-	-	
DEP Assistance	(5,500,000)	(5,604,000)	(5,712,160)	(5,824,646)	(5,941,632)	(6,063,298)	(6,189,829)	(6,321,423)	(6,458,280)	(6,600,611)	
Investment Income	5,610,601	5,566,048	7,090,122	8,572,271	8,373,384	8,120,569	7,782,133	7,381,964	6,922,985	6,424,710	
Total Income	3,201,584	(936,688)	(588,626)	(3,560,626)	(4,890,502)	(8,458,866)	(11,812,678)	(15,323,919)	(18,993,361)	(22,805,325)	

Fiscal Year Beginning:	7/1/22	7/1/23	7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	Total
Capacity Fee Revenue	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	126,000,000
Throughput Fee Revenue	50,336,874	49,984,516	49,634,625	49,287,182	48,942,172	48,599,577	48,259,380	47,921,564	47,586,113	47,253,010	1,011,108,676
Subtotal	56,636,874	56,284,516	55,934,625	55,587,182	55,242,172	54,899,577	54,559,380	54,221,564	53,886,113	53,553,010	1,137,108,676
Incurred Losses & ALAE	(76,616,125)	(79,405,128)	(82,296,580)	(85,294,286)	(88,402,190)	(91,624,389)	(94,965,130)	(98,428,822)	(102,020,039)	(105,743,529)	(1,537,643,007)
Claim Administration	(3,406,628)	(3,542,893)	(3,684,609)	(3,831,993)	(3,985,273)	(4,144,684)	(4,310,471)	(4,482,890)	(4,662,206)	(4,848,694)	(70,766,045)
Other Expenses	(2,516,415)	(2,617,072)	(2,721,755)	(2,830,625)	(2,943,850)	(3,061,604)	(3,184,068)	(3,311,431)	(3,443,888)	(3,581,644)	(50,622,734)
Subtotal	(82,539,169)	(85,565,093)	(88,702,944)	(91,956,904)	(95,331,314)	(98,830,677)	(102,459,670)	(106,223,143)	(110,126,133)	(114,173,866)	(1,659,031,786)
Underwriting Income	(25,902,294)	(29,280,577)	(32,768,319)	(36,369,722)	(40,089,142)	(43,931,100)	(47,900,290)	(52,001,579)	(56,240,020)	(60,620,856)	(521,923,109)
DCED Loan Interest Payments	-	-	-	-	-	-	-	-	-	-	-
Interest Receivable on GF Loan	-	-	-	-	-	-	-	-	-	-	1,021,292
DEP Assistance	(6,748,635)	(6,902,581)	(7,062,684)	(7,229,191)	(7,402,359)	(7,487,874)	(7,551,389)	(7,617,445)	(7,686,142)	(7,757,588)	(133,661,766)
Investment Income	5,880,009	5,260,504	4,556,206	3,733,891	2,779,499	1,685,235	425,163	(1,014,665)	(2,645,580)	(4,480,834)	88,024,218
Total Income	(26,770,921)	(30,922,653)	(35,274,797)	(39,865,022)	(44,712,001)	(49,733,739)	(55,026,516)	(60,633,689)	(66,571,742)	(72,859,278)	(566,539,365)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Cash Flow Statement (Under Current Fee Structure)
General Fund Loan Scenario #1: Full Payment in 2014**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Fiscal Year Beginning:	7/1/12	7/1/13	7/1/14	7/1/15	7/1/16	7/1/17	7/1/18	7/1/19	7/1/20	7/1/21	
Initial Cash & Invested Assets	142,766,399	143,374,273	140,494,177	221,102,067	216,083,755	210,958,835	203,190,186	193,698,614	182,781,547	170,290,687	
Capacity Fee Revenue	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	
Throughput Fee Revenue	54,000,000	53,622,000	53,246,646	52,873,919	52,503,802	52,136,275	51,771,321	51,408,922	51,049,060	50,691,716	
Paid Losses & ALAE	(55,952,728)	(57,246,143)	(58,817,772)	(61,277,587)	(62,221,714)	(63,543,887)	(64,242,155)	(64,570,967)	(64,978,438)	(64,191,727)	
Paid Expenses	(4,000,000)	(5,668,000)	(4,138,720)	(5,812,269)	(4,288,760)	(4,868,310)	(5,063,042)	(5,265,564)	(5,476,187)	(5,695,234)	
DCED Loan Interest Payments	-	-	-	-	-	-	-	-	-	-	
Interest Receivable on GF Loan	-	-	14,989,773	-	-	-	-	-	-	-	
GF Loan Principal Payments	-	-	67,500,000	-	-	-	-	-	-	-	
DCED Loan Principal Payments	-	-	-	-	-	-	-	-	-	-	
DEP Assistance	(5,500,000)	(5,604,000)	(5,712,160)	(5,824,646)	(5,941,632)	(6,063,298)	(6,189,829)	(6,321,423)	(6,458,280)	(6,600,611)	
Other Cash	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
Investment Income	5,610,601	5,566,048	7,090,122	8,572,271	8,373,384	8,120,569	7,782,133	7,381,964	6,922,985	6,424,710	
Total Cash Flow	607,874	(2,880,095)	80,607,889	(5,018,311)	(5,124,920)	(7,768,650)	(9,491,572)	(10,917,067)	(12,490,859)	(12,921,145)	
Ending Cash & Invested Assets	143,374,273	140,494,177	221,102,067	216,083,755	210,958,835	203,190,186	193,698,614	182,781,547	170,290,687	157,369,543	
Fiscal Year Beginning:	7/1/22	7/1/23	7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	Total - All Years
Initial Cash & Invested Assets	157,369,543	142,510,904	125,774,807	106,591,688	83,836,769	57,917,702	28,029,305	(6,345,972)	(45,401,967)	(89,522,600)	142,766,399
Capacity Fee Revenue	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	126,000,000
Throughput Fee Revenue	50,336,874	49,984,516	49,634,625	49,287,182	48,942,172	48,599,577	48,259,380	47,921,564	47,586,113	47,253,010	1,011,108,676
Paid Losses & ALAE	(64,853,843)	(65,368,572)	(66,354,902)	(68,334,183)	(69,759,257)	(71,929,048)	(74,463,891)	(77,001,128)	(79,718,930)	(82,511,563)	(1,337,338,433)
Paid Expenses	(5,923,043)	(6,159,965)	(6,406,364)	(6,662,618)	(6,929,123)	(7,206,288)	(7,494,539)	(7,794,321)	(8,106,094)	(8,430,338)	(121,388,779)
DCED Loan Interest Payments	-	-	-	-	-	-	-	-	-	-	-
Interest Receivable on GF Loan	-	-	-	-	-	-	-	-	-	-	14,989,773
GF Loan Principay Payments	-	-	-	-	-	-	-	-	-	-	67,500,000
DCED Loan Principal Payments	-	-	-	-	-	-	-	-	-	-	-
DEP Assistance	(6,748,635)	(6,902,581)	(7,062,684)	(7,229,191)	(7,402,359)	(7,487,874)	(7,551,389)	(7,617,445)	(7,686,142)	(7,757,588)	(133,661,766)
Other Cash	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	3,000,000
Investment Income	5,880,009	5,260,504	4,556,206	3,733,891	2,779,499	1,685,235	425,163	(1,014,665)	(2,645,580)	(4,480,834)	88,024,218
Total Cash Flow	(14,858,638)	(16,736,098)	(19,183,119)	(22,754,919)	(25,919,067)	(29,888,397)	(34,375,277)	(39,055,995)	(44,120,633)	(49,477,312)	(281,766,311)
Ending Cash & Invested Assets	142,510,904	125,774,807	106,591,688	83,836,769	57,917,702	28,029,305	(6,345,972)	(45,401,967)	(89,522,600)	(138,999,912)	(138,999,912)



Pennsylvania Insurance Department / Bureau of Special Funds **USTIF Loss Fund**

USTIF Loss Fund Experience @ 06/30/12 **Fee Revenue Summary**

	Capacity Fee Revenue			Throughput Fee Revenue		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Calendar Year	Capacity Fee	Prior Rate - Average	Capacity Fee @ Current Rate	Gallon Fee	Prior Rate - Average	Throughput Fee @ Current Rate
1997	\$13,469,895	\$0.1500	\$7,408,442	\$45,633,775	\$0.010	\$50,197,152
1998	\$12,596,369	\$0.1000	\$10,392,004	\$23,955,393	\$0.005	\$52,701,864
1999	\$2,091,930	\$0.0200	\$8,629,211	\$7,133,748	\$0.001	\$78,471,230
2000	\$1,247,231	\$0.0100	\$10,289,656	\$2,716,302	\$0.001	\$59,758,652
2001	\$1,076,555	\$0.0100	\$8,881,578	\$2,511,814	\$0.001	\$55,259,906
2002	\$2,289,895	\$0.0171	\$11,066,792	\$4,113,787	\$0.001	\$51,821,593
2003	\$5,178,503	\$0.0750	\$5,696,353	\$45,014,126	\$0.010	\$49,515,539
2004	\$8,492,561	\$0.0825	\$8,492,561	\$56,217,277	\$0.011	\$56,217,277
2005	\$6,389,773	\$0.0825	\$6,389,773	\$54,440,651	\$0.011	\$54,440,651
2006	\$5,944,699	\$0.0825	\$5,944,699	\$54,683,549	\$0.011	\$54,683,549
2007	\$6,178,435	\$0.0825	\$6,178,435	\$56,156,427	\$0.011	\$56,156,427
2008	\$6,367,001	\$0.0825	\$6,367,001	\$52,606,701	\$0.011	\$52,606,701
2009	\$6,125,056	\$0.0825	\$6,125,056	\$52,578,489	\$0.011	\$52,578,489
2010	\$7,090,131	\$0.0825	\$7,090,131	\$54,242,194	\$0.011	\$54,242,194
2011	\$5,585,096	\$0.0825	\$5,585,096	\$53,211,533	\$0.011	\$53,211,533
2012	\$3,379,448	\$0.0825	\$3,379,448	\$26,274,266	\$0.011	\$26,274,266
Total	\$93,502,577		\$117,916,238	\$591,490,032		\$858,137,023
Control	\$93,502,577		\$117,916,238	\$591,490,032		\$858,137,023

Selected for 2012/13 Under Current Fee Structure

\$6,300,000

54,000,000

- (2) & (5) Provided by USTIF.
- (3) & (6) Exposure weighted average of monthly rates.
- (4) = (2) / (3) * 0.0825
- (7) = (5) / (6) * 0.011
- (2) - (7) Values for 2012 represent the six month period 1/1 - 6/30.



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Projected Loss & ALAE Payments for Unpaid Losses as of 6/30/12**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Report Year Beginning 1/1	Ultimate Losses & ALAE ¹	Paid Loss & ALAE as of 6/30/12 ²	Estimated Unpaid as of 6/30/12	Development Age as of 6/30/12	Payment Year Beginning ³									
					07/01/12	07/01/13	07/01/14	07/01/15	07/01/16	07/01/17	07/01/18	07/01/19	07/01/20	07/01/21
1994	18,558,887	16,710,120	1,848,767	222	462,192	462,192	462,192	462,192	-	-	-	-	-	-
1995	51,597,604	44,481,220	7,116,384	210	1,423,277	1,423,277	1,423,277	1,423,277	1,423,277	-	-	-	-	-
1996	65,941,150	54,782,889	11,158,261	198	2,464,755	1,738,701	1,738,701	1,738,701	1,738,701	1,738,701	-	-	-	-
1997	83,514,026	69,868,218	13,645,808	186	1,489,652	2,685,181	1,894,195	1,894,195	1,894,195	1,894,195	1,894,195	-	-	-
1998	118,233,467	96,878,133	21,355,334	174	2,221,557	2,088,749	3,765,086	2,655,988	2,655,988	2,655,988	2,655,988	2,655,988	-	-
1999	141,602,488	111,635,611	29,966,877	162	2,465,363	2,860,933	2,689,902	4,848,699	3,420,396	3,420,396	3,420,396	3,420,396	3,420,396	-
2000	86,048,038	66,082,292	19,965,746	150	1,808,758	1,493,768	1,733,445	1,629,816	2,937,836	2,072,424	2,072,424	2,072,424	2,072,424	2,072,424
2001	101,129,408	73,282,030	27,847,378	138	3,103,384	2,241,635	1,851,260	2,148,297	2,019,868	3,640,925	2,568,402	2,568,402	2,568,402	2,568,402
2002	83,190,711	57,202,191	25,988,520	126	3,157,830	2,544,311	1,837,805	1,517,757	1,761,282	1,655,990	2,985,015	2,105,706	2,105,706	2,105,706
2003	53,332,706	34,547,270	18,785,436	114	2,542,455	1,973,663	1,590,210	1,148,639	948,607	1,100,812	1,035,004	1,865,652	1,316,079	1,316,079
2004	76,428,195	46,204,583	30,223,612	102	3,479,778	3,619,560	2,809,800	2,263,898	1,635,257	1,350,482	1,567,168	1,473,480	2,666,030	1,873,632
2005	56,778,185	31,679,023	25,099,162	90	2,539,738	2,597,366	2,701,701	2,097,283	1,689,812	1,220,584	1,008,023	1,169,761	1,099,831	1,982,507
2006	44,018,965	21,949,600	22,069,365	78	3,069,363	1,922,576	1,966,199	2,045,181	1,587,638	1,279,184	923,979	763,071	885,506	832,569
2007	50,820,417	23,018,153	27,802,264	66	2,607,040	3,504,101	2,194,885	2,244,688	2,334,856	1,812,508	1,460,364	1,054,850	871,151	1,010,928
2008	48,534,010	18,425,257	30,108,753	54	3,124,432	2,530,341	3,401,010	2,130,312	2,178,649	2,266,165	1,759,184	1,417,401	1,023,816	845,521
2009	49,894,500	13,864,095	36,030,405	42	4,186,940	3,304,445	2,676,126	3,596,959	2,253,049	2,304,172	2,396,730	1,860,539	1,499,064	1,082,803
2010	46,453,500	9,143,950	37,309,550	30	4,279,833	3,838,243	3,029,244	2,453,253	3,297,397	2,065,411	2,112,276	2,197,125	1,705,589	1,374,219
2011	53,406,698	3,592,947	49,813,751	18	6,715,883	4,943,819	4,433,719	3,499,210	2,833,858	3,808,965	2,385,845	2,439,980	2,537,994	1,970,200
1/1/12-6/30/12	26,609,952	72,256	26,537,696	6	2,300,045	3,267,717	2,405,492	2,157,295	1,702,595	1,378,857	1,853,311	1,160,870	1,187,210	1,234,900
Total:	1,256,092,904	793,419,838	462,673,066		53,442,274	49,040,576	44,604,251	41,955,639	38,313,262	35,665,759	32,098,303	28,225,645	24,949,198	20,269,889

Report Year Beginning 1/1	Ultimate Losses & ALAE ¹	Paid Loss & ALAE as of 6/30/12 ²	Estimated Unpaid as of 6/30/12	Development Age as of 6/30/12	Payment Year Beginning (Continued) ³									
					07/01/22	07/01/23	07/01/24	07/01/25	07/01/26	07/01/27	07/01/28	07/01/29	07/01/30	07/01/31
1994	18,558,887	16,710,120	1,848,767	222	-	-	-	-	-	-	-	-	-	-
1995	51,597,604	44,481,220	7,116,384	210	-	-	-	-	-	-	-	-	-	-
1996	65,941,150	54,782,889	11,158,261	198	-	-	-	-	-	-	-	-	-	-
1997	83,514,026	69,868,218	13,645,808	186	-	-	-	-	-	-	-	-	-	-
1998	118,233,467	96,878,133	21,355,334	174	-	-	-	-	-	-	-	-	-	-
1999	141,602,488	111,635,611	29,966,877	162	-	-	-	-	-	-	-	-	-	-
2000	86,048,038	66,082,292	19,965,746	150	-	-	-	-	-	-	-	-	-	-
2001	101,129,408	73,282,030	27,847,378	138	2,568,402	-	-	-	-	-	-	-	-	-
2002	83,190,711	57,202,191	25,988,520	126	2,105,706	2,105,706	-	-	-	-	-	-	-	-
2003	53,332,706	34,547,270	18,785,436	114	1,316,079	1,316,079	1,316,079	-	-	-	-	-	-	-
2004	76,428,195	46,204,583	30,223,612	102	1,873,632	1,873,632	1,873,632	1,873,632	-	-	-	-	-	-
2005	56,778,185	31,679,023	25,099,162	90	1,398,511	1,398,511	1,398,511	1,398,511	1,398,511	-	-	-	-	-
2006	44,018,965	21,949,600	22,069,365	78	1,500,753	1,058,669	1,058,669	1,058,669	1,058,669	1,058,669	-	-	-	-
2007	50,820,417	23,018,153	27,802,264	66	950,493	1,713,316	1,208,617	1,208,617	1,208,617	1,208,617	1,208,617	-	-	-
2008	48,534,010	18,425,257	30,108,753	54	981,186	922,529	1,662,910	1,173,060	1,173,060	1,173,060	1,173,060	1,173,060	-	-
2009	49,894,500	13,864,095	36,030,405	42	894,236	1,037,717	975,680	1,758,719	1,240,645	1,240,645	1,240,645	1,240,645	1,240,645	-
2010	46,453,500	9,143,950	37,309,550	30	992,625	819,762	951,294	894,424	1,612,249	1,137,322	1,137,322	1,137,322	1,137,322	1,137,322
2011	53,406,698	3,592,947	49,813,751	18	1,587,419	1,146,624	946,943	1,098,880	1,033,187	1,862,378	1,313,769	1,313,769	1,313,769	1,313,769
1/1/12-6/30/12	26,609,952	72,256	26,537,696	6	958,631	772,383	557,908	460,750	534,677	502,713	906,169	639,235	639,235	639,235
Total:	1,256,092,904	793,419,838	462,673,066	Total:	17,127,672	14,164,928	11,950,243	10,925,261	9,259,616	8,183,404	6,979,582	5,504,030	4,330,971	3,090,326

Check Totals	Unpaid at 6/30/2012	Paid 7/12 - 7/32	Unpaid at 7/1/32
Values per Payment Projections	462,673,066	460,080,828	2,592,239
	Control (Per Pro Forma 10)		
			2,592,239

¹ From Pro Forma 12 with 2012 pro-rated for partial period.

² From Pro Forma 13.

³ Per Pro Forma 5 applied to (4).



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience @ 06/30/12
Projected Loss & ALAE Payments for Report Years 7/1/12-13 and Subsequent

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Report Year Beginning 7/1	Ultimate Losses & ALAE ¹	Payment Year Beginning ²									
		07/01/12	07/01/13	07/01/14	07/01/15	07/01/16	07/01/17	07/01/18	07/01/19	07/01/20	07/01/21
2012	53,616,360	2,510,454	5,604,009	5,710,142	4,592,491	3,885,018	3,101,513	3,253,210	3,033,803	2,363,366	2,437,879
2013	55,562,115	-	2,601,559	5,807,380	5,917,365	4,759,154	4,026,007	3,214,068	3,371,270	3,143,901	2,449,134
2014	57,579,085	-	-	2,695,999	6,018,195	6,132,173	4,931,917	4,172,156	3,330,743	3,493,651	3,258,028
2015	59,669,902	-	-	-	2,793,896	6,236,728	6,354,845	5,111,005	4,323,655	3,451,689	3,620,513
2016	61,837,297	-	-	-	-	2,895,379	6,463,265	6,585,672	5,296,653	4,480,704	3,577,065
2017	64,084,103	-	-	-	-	-	3,000,580	6,898,102	6,824,957	5,489,102	4,643,507
2018	66,413,261	-	-	-	-	-	-	3,109,637	6,941,547	7,073,012	5,688,606
2019	68,827,818	-	-	-	-	-	-	-	3,222,693	7,193,918	7,330,163
2020	71,330,940	-	-	-	-	-	-	-	-	3,339,895	7,455,545
2021	73,925,907	-	-	-	-	-	-	-	-	-	3,461,398
2022	76,616,125	-	-	-	-	-	-	-	-	-	-
2023	79,405,128	-	-	-	-	-	-	-	-	-	-
2024	82,296,580	-	-	-	-	-	-	-	-	-	-
2025	85,294,286	-	-	-	-	-	-	-	-	-	-
2026	88,402,190	-	-	-	-	-	-	-	-	-	-
2027	91,624,389	-	-	-	-	-	-	-	-	-	-
2028	94,965,130	-	-	-	-	-	-	-	-	-	-
2029	98,428,822	-	-	-	-	-	-	-	-	-	-
2030	102,020,039	-	-	-	-	-	-	-	-	-	-
2031	105,743,529	-	-	-	-	-	-	-	-	-	-
Total:		2,510,454	8,205,568	14,213,521	19,321,947	23,908,452	27,878,127	32,143,852	36,345,322	40,029,240	43,921,838

Report Year Beginning 7/1	Ultimate Losses & ALAE ¹	Payment Year Beginning (Continued) ²									
		07/01/22	07/01/23	07/01/24	07/01/25	07/01/26	07/01/27	07/01/28	07/01/29	07/01/30	07/01/31
2012	53,616,360	2,207,812	1,742,284	1,338,951	1,025,289	1,001,907	1,044,144	1,418,054	1,555,465	1,286,793	1,286,793
2013	55,562,115	2,526,350	2,287,934	1,805,512	1,387,542	1,062,497	1,038,267	1,082,037	1,469,516	1,611,913	1,333,491
2014	57,579,085	2,538,040	2,618,060	2,370,988	1,871,054	1,437,912	1,101,067	1,075,957	1,121,316	1,522,861	1,670,427
2015	59,669,902	3,376,334	2,630,202	2,713,127	2,457,084	1,938,996	1,490,125	1,141,049	1,115,027	1,162,033	1,578,159
2016	61,837,297	3,752,021	3,498,973	2,725,739	2,811,676	2,546,333	2,009,426	1,544,251	1,182,495	1,155,529	1,204,242
2017	64,084,103	3,707,035	3,888,348	3,626,105	2,824,776	2,913,836	2,638,852	2,082,437	1,600,360	1,225,460	1,197,514
2018	66,413,261	4,812,276	3,841,768	4,029,671	3,757,897	2,927,444	3,019,740	2,734,762	2,158,124	1,658,526	1,270,000
2019	68,827,818	5,895,424	4,987,234	3,981,441	4,176,176	3,894,522	3,033,875	3,129,528	2,834,188	2,236,586	1,718,824
2020	71,330,940	7,596,745	6,109,828	5,168,609	4,126,238	4,328,055	4,036,157	3,144,211	3,243,342	2,937,262	2,317,926
2021	73,925,907	7,726,773	7,873,109	6,332,099	5,356,640	4,276,348	4,485,506	4,182,989	3,258,595	3,361,332	3,044,117
2022	76,616,125	3,587,361	8,007,956	8,159,617	6,562,529	5,551,572	4,431,967	4,648,737	4,335,212	3,377,178	3,483,654
2023	79,405,128	-	3,717,949	8,299,464	8,456,646	6,801,420	5,753,662	4,593,301	4,817,962	4,493,023	3,500,115
2024	82,296,580	-	-	3,853,334	8,601,680	8,764,586	7,049,086	5,963,175	4,760,561	4,993,403	4,656,632
2025	85,294,286	-	-	-	3,993,695	8,915,001	9,083,841	7,305,854	6,180,387	4,933,967	5,175,291
2026	88,402,190	-	-	-	-	4,139,215	9,239,841	9,414,833	7,572,060	6,405,585	5,113,748
2027	91,624,389	-	-	-	-	-	4,290,086	9,576,627	9,757,997	7,848,056	6,639,064
2028	94,965,130	-	-	-	-	-	-	4,446,508	9,925,803	10,113,786	8,134,206
2029	98,428,822	-	-	-	-	-	-	-	4,608,687	10,287,830	10,482,670
2030	102,020,039	-	-	-	-	-	-	-	-	4,776,837	10,663,185
2031	105,743,529	-	-	-	-	-	-	-	-	-	4,951,180
Total:		47,726,172	51,203,644	54,404,659	57,408,922	60,499,641	63,745,643	67,484,310	71,497,097	75,387,959	79,421,237

Check Totals	Paid Thru 7/01/2032	Unpaid at 7/01/2032	Total
Values per Payment Projections	877,257,606	660,385,401	1,537,643,007
Control (Sum of Ultimate Losses & ALAE)			1,537,643,007

¹ Based on Pro Forma 7, Columns (6) and (8).

² Per Pro Forma 6 applied to (2).



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience @ 06/30/12
Projected Loss & ALAE Payout Percentages
For Unpaid Losses as of June 30, 2012

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Report Year Development Age	Payment Year Beginning									
	7/1/12	7/1/13	7/1/14	7/1/15	7/1/16	7/1/17	7/1/18	7/1/19	7/1/20	7/1/21
258	1.000	-	-	-	-	-	-	-	-	-
246	0.500	0.500	-	-	-	-	-	-	-	-
234	0.333	0.333	0.333	-	-	-	-	-	-	-
222	0.250	0.250	0.250	0.250	-	-	-	-	-	-
210	0.200	0.200	0.200	0.200	0.200	-	-	-	-	-
198	0.221	0.156	0.156	0.156	0.156	0.156	-	-	-	-
186	0.109	0.197	0.139	0.139	0.139	0.139	0.139	-	-	-
174	0.104	0.098	0.176	0.124	0.124	0.124	0.124	0.124	-	-
162	0.082	0.095	0.090	0.162	0.114	0.114	0.114	0.114	0.114	-
150	0.091	0.075	0.087	0.082	0.147	0.104	0.104	0.104	0.104	0.104
138	0.111	0.080	0.066	0.077	0.073	0.131	0.092	0.092	0.092	0.092
126	0.122	0.098	0.071	0.058	0.068	0.064	0.115	0.081	0.081	0.081
114	0.135	0.105	0.085	0.061	0.050	0.059	0.055	0.099	0.070	0.070
102	0.115	0.120	0.093	0.075	0.054	0.045	0.052	0.049	0.088	0.062
90	0.101	0.103	0.108	0.084	0.067	0.049	0.040	0.047	0.044	0.079
78	0.139	0.087	0.089	0.093	0.072	0.058	0.042	0.035	0.040	0.038
66	0.094	0.126	0.079	0.081	0.084	0.065	0.053	0.038	0.031	0.036
54	0.104	0.084	0.113	0.071	0.072	0.075	0.058	0.047	0.034	0.028
42	0.116	0.092	0.074	0.100	0.063	0.064	0.067	0.052	0.042	0.030
30	0.115	0.103	0.081	0.066	0.088	0.055	0.057	0.059	0.046	0.037
18	0.135	0.099	0.089	0.070	0.057	0.076	0.048	0.049	0.051	0.040
6	0.087	0.123	0.091	0.081	0.064	0.052	0.070	0.044	0.045	0.047
Report Year Development Age	Payment Year Beginning (Continued)									
	7/1/22	7/1/23	7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31
258	-	-	-	-	-	-	-	-	-	-
246	-	-	-	-	-	-	-	-	-	-
234	-	-	-	-	-	-	-	-	-	-
222	-	-	-	-	-	-	-	-	-	-
210	-	-	-	-	-	-	-	-	-	-
198	-	-	-	-	-	-	-	-	-	-
186	-	-	-	-	-	-	-	-	-	-
174	-	-	-	-	-	-	-	-	-	-
162	-	-	-	-	-	-	-	-	-	-
150	-	-	-	-	-	-	-	-	-	-
138	0.092	-	-	-	-	-	-	-	-	-
126	0.081	0.081	-	-	-	-	-	-	-	-
114	0.070	0.070	0.070	-	-	-	-	-	-	-
102	0.062	0.062	0.062	0.062	-	-	-	-	-	-
90	0.056	0.056	0.056	0.056	0.056	-	-	-	-	-
78	0.068	0.048	0.048	0.048	0.048	0.048	-	-	-	-
66	0.034	0.062	0.043	0.043	0.043	0.043	0.043	-	-	-
54	0.033	0.031	0.055	0.039	0.039	0.039	0.039	0.039	-	-
42	0.025	0.029	0.027	0.049	0.034	0.034	0.034	0.034	0.034	-
30	0.027	0.022	0.025	0.024	0.043	0.030	0.030	0.030	0.030	0.030
18	0.032	0.023	0.019	0.022	0.021	0.037	0.026	0.026	0.026	0.026
6	0.036	0.029	0.021	0.017	0.020	0.019	0.034	0.024	0.024	0.024

Note: Percentages derived from payment pattern in Pro Forma 10.



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience @ 06/30/12
Projected Loss & ALAE Payout Percentages
Incremental Payout Percentages for Report Years 2012/13 and Subsequent

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Payment Year Beginning										
Report Year Beginning 7/1:	7/1/12	7/1/13	7/1/14	7/1/15	7/1/16	7/1/17	7/1/18	7/1/19	7/1/20	7/1/21
2012	0.047	0.105	0.107	0.086	0.072	0.058	0.061	0.057	0.044	0.045
2013	-	0.047	0.105	0.107	0.086	0.072	0.058	0.061	0.057	0.044
2014	-	-	0.047	0.105	0.107	0.086	0.072	0.058	0.061	0.057
2015	-	-	-	0.047	0.105	0.107	0.086	0.072	0.058	0.061
2016	-	-	-	-	0.047	0.105	0.107	0.086	0.072	0.058
2017	-	-	-	-	-	0.047	0.105	0.107	0.086	0.072
2018	-	-	-	-	-	-	0.047	0.105	0.107	0.086
2019	-	-	-	-	-	-	-	0.047	0.105	0.107
2020	-	-	-	-	-	-	-	-	0.047	0.105
2021	-	-	-	-	-	-	-	-	-	0.047
2022	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-

Payment Year Beginning (Continued)										
Report Year Beginning 7/1:	7/1/22	7/1/23	7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31
2012	0.041	0.032	0.025	0.019	0.019	0.019	0.026	0.029	0.024	0.024
2013	0.045	0.041	0.032	0.025	0.019	0.019	0.019	0.026	0.029	0.024
2014	0.044	0.045	0.041	0.032	0.025	0.019	0.019	0.019	0.026	0.029
2015	0.057	0.044	0.045	0.041	0.032	0.025	0.019	0.019	0.019	0.026
2016	0.061	0.057	0.044	0.045	0.041	0.032	0.025	0.019	0.019	0.019
2017	0.058	0.061	0.057	0.044	0.045	0.041	0.032	0.025	0.019	0.019
2018	0.072	0.058	0.061	0.057	0.044	0.045	0.041	0.032	0.025	0.019
2019	0.086	0.072	0.058	0.061	0.057	0.044	0.045	0.041	0.032	0.025
2020	0.107	0.086	0.072	0.058	0.061	0.057	0.044	0.045	0.041	0.032
2021	0.105	0.107	0.086	0.072	0.058	0.061	0.057	0.044	0.045	0.041
2022	0.047	0.105	0.107	0.086	0.072	0.058	0.061	0.057	0.044	0.045
2023	-	0.047	0.105	0.107	0.086	0.072	0.058	0.061	0.057	0.044
2024	-	-	0.047	0.105	0.107	0.086	0.072	0.058	0.061	0.057
2025	-	-	-	0.047	0.105	0.107	0.086	0.072	0.058	0.061
2026	-	-	-	-	0.047	0.105	0.107	0.086	0.072	0.058
2027	-	-	-	-	-	0.047	0.105	0.107	0.086	0.072
2028	-	-	-	-	-	-	0.047	0.105	0.107	0.086
2029	-	-	-	-	-	-	-	0.047	0.105	0.107
2030	-	-	-	-	-	-	-	-	0.047	0.105
2031	-	-	-	-	-	-	-	-	-	0.047

Note: Based on 12, 24,36... payment pattern in Pro Forma 10.



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Projected Ultimate Loss & ALAE for July 1, 2012 Through July 1, 2032**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Policy Period	Projected Number of Tanks	Estimated Claim Frequency	Estimated Ultimate Claim Counts	Estimated Ultimate Loss Severity	Estimated Ultimate Loss	Estimated Ultimate ALAE Severity	Estimated Ultimate ALAE
7/1/12-13	24,360	0.0071	173	270,000	46,698,120	40,000	6,918,240
7/1/13-14	24,360	0.0071	173	279,450	48,332,554	41,800	7,229,561
7/1/14-15	24,360	0.0071	173	289,231	50,024,194	43,681	7,554,891
7/1/15-16	24,360	0.0071	173	299,354	51,775,040	45,647	7,894,861
7/1/16-17	24,360	0.0071	173	309,831	53,587,167	47,701	8,250,130
7/1/17-18	24,360	0.0071	173	320,675	55,462,718	49,847	8,621,386
7/1/18-19	24,360	0.0071	173	331,899	57,403,913	52,090	9,009,348
7/1/19-20	24,360	0.0071	173	343,515	59,413,050	54,434	9,414,769
7/1/20-21	24,360	0.0071	173	355,538	61,492,506	56,884	9,838,433
7/1/21-22	24,360	0.0071	173	367,982	63,644,744	59,444	10,281,163
7/1/22-23	24,360	0.0071	173	380,862	65,872,310	62,119	10,743,815
7/1/23-24	24,360	0.0071	173	394,192	68,177,841	64,914	11,227,287
7/1/24-25	24,360	0.0071	173	407,989	70,564,065	67,835	11,732,515
7/1/25-26	24,360	0.0071	173	422,268	73,033,808	70,888	12,260,478
7/1/26-27	24,360	0.0071	173	437,048	75,589,991	74,078	12,812,199
7/1/27-28	24,360	0.0071	173	452,344	78,235,641	77,411	13,388,748
7/1/28-29	24,360	0.0071	173	468,176	80,973,888	80,895	13,991,242
7/1/29-30	24,360	0.0071	173	484,562	83,807,974	84,535	14,620,848
7/1/30-31	24,360	0.0071	173	501,522	86,741,253	88,339	15,278,786
7/1/31-32	24,360	0.0071	173	519,075	89,777,197	92,314	15,966,332

(2) Projected using number of tanks from Pro Forma 9 with a 0% annual growth rate.

(3) Selected 2012/13 claim frequency from Pro Forma 8 trended to the midpoint of each policy period using a 0% trend rate from Pro Forma 9.

(4) = (2) x (3)

(5) Selected 2012/13 loss severity from Pro Forma 8 trended to the midpoint of each policy period using a 3.5% trend rate from Pro Forma 9.

(6) = (4) x (5)

(7) Selected 2012/13 ALAE severity from Pro Forma 8 trended to the midpoint of each policy period using a 4.5% trend rate from Pro Forma 9.

(8) = (4) x (7)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience @ 06/30/12
January 1, 2013 Frequency & Severity Assumptions

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Policy Period	Ultimate Claim Frequency	Claim Frequency Trend Factor	1/1/2013 Trended Ult Claim Freq	Ultimate Loss Severity	Loss Severity Trend Factor	1/1/2013 Trended Ult Loss Severity	Ultimate ALAE Severity	ALAE Severity Trend Factor	1/1/2013 Trended Ult ALAE Severity
1994	-	1.0000	-	95,346	1.8897	180,178	13,824	2.2576	31,208
1995	0.0086	1.0000	0.0086	128,434	1.8258	234,496	4,208	2.1604	9,091
1996	0.0083	1.0000	0.0083	166,131	1.7641	293,067	6,039	2.0674	12,485
1997	0.0101	1.0000	0.0101	183,790	1.7044	313,254	9,083	1.9783	17,970
1998	0.0165	1.0000	0.0165	209,137	1.6468	344,402	14,367	1.8932	27,198
1999	0.0180	1.0000	0.0180	231,189	1.5911	367,842	15,505	1.8116	28,090
2000	0.0118	1.0000	0.0118	225,416	1.5373	346,528	16,292	1.7336	28,244
2001	0.0113	1.0000	0.0113	284,873	1.4853	423,121	18,819	1.6590	31,221
2002	0.0119	1.0000	0.0119	223,469	1.4351	320,694	14,900	1.5875	23,654
2003	0.0085	1.0000	0.0085	203,870	1.3865	282,675	17,427	1.5192	26,475
2004	0.0117	1.0000	0.0117	218,996	1.3397	293,379	20,591	1.4537	29,934
2005	0.0088	1.0000	0.0088	217,565	1.2944	281,606	23,020	1.3911	32,025
2006	0.0079	1.0000	0.0079	193,410	1.2506	241,876	19,242	1.3312	25,615
2007	0.0072	1.0000	0.0072	248,649	1.2083	300,440	26,056	1.2739	33,193
2008	0.0070	1.0000	0.0070	242,565	1.1674	283,178	31,638	1.2191	38,569
2009	0.0070	1.0000	0.0070	250,000	1.1280	281,988	36,750	1.1666	42,871
2010	0.0063	1.0000	0.0063	259,615	1.0898	282,931	38,163	1.1163	42,603
2011	0.0077	1.0000	0.0077	248,676	1.0530	261,845	36,921	1.0683	39,441
2012	0.0076	1.0000	0.0076	250,000	1.0173	254,337	37,489	1.0223	38,323
		Average Last 3	0.0072			266,371			40,122
		Average Last 5	0.0071			272,856			40,361
	Selected (Policy Year 2012/13)		0.0071			270,000			40,000

- (2) From Pro Forma 9.
- (3) Trended to January 1, 2013 using a 0% trend factor based on Pro Forma 9.
- (4) = (2) x (3)
- (5) From Pro Forma 9.
- (6) Trended to January 1, 2013 using a 3.5% trend factor based on Pro Forma 9.
- (7) = (5) x (6)
- (8) From Pro Forma 9.
- (9) Trended to January 1, 2013 using a 4.5% trend factor based on Pro Forma 9.
- (10) = (8) x (9)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience @ 06/30/12
Summary Statistics - Frequency and Severity Trend Selections

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Policy Period	Number of Tanks	Ultimate Counts	Ultimate Claim Frequency	Ultimate Claim Frequency % Change	Ultimate Losses	Ultimate Loss Severity	Ultimate Loss Severity % Change	Ultimate ALAE	Ultimate ALAE Severity	Ultimate ALAE Severity % Change
1994	-	170	-	-	16,208,887	95,346		2,350,000	13,824	
1995	45,452	389	0.0086		49,960,696	128,434	34.7%	1,636,907	4,208	-69.6%
1996	46,067	383	0.0083	-2.9%	63,628,269	166,131	29.4%	2,312,881	6,039	43.5%
1997	42,738	433	0.0101	21.9%	79,580,993	183,790	10.6%	3,933,033	9,083	50.4%
1998	32,104	529	0.0165	62.6%	110,633,467	209,137	13.8%	7,600,000	14,367	58.2%
1999	31,880	574	0.0180	9.3%	132,702,488	231,189	10.5%	8,900,000	15,505	7.9%
2000	30,099	356	0.0118	-34.3%	80,248,038	225,416	-2.5%	5,800,000	16,292	5.1%
2001	29,539	333	0.0113	-4.7%	94,862,588	284,873	26.4%	6,266,820	18,819	15.5%
2002	29,215	349	0.0119	6.0%	77,990,711	223,469	-21.6%	5,200,000	14,900	-20.8%
2003	28,311	241	0.0085	-28.7%	49,132,706	203,870	-8.8%	4,200,000	17,427	17.0%
2004	27,310	319	0.0117	37.2%	69,859,684	218,996	7.4%	6,568,511	20,591	18.2%
2005	26,890	236	0.0088	-24.9%	51,345,382	217,565	-0.7%	5,432,803	23,020	11.8%
2006	26,305	207	0.0079	-10.3%	40,035,962	193,410	-11.1%	3,983,002	19,242	-16.4%
2007	25,760	185	0.0072	-8.7%	46,000,000	248,649	28.6%	4,820,417	26,056	35.4%
2008	25,408	177	0.0070	-3.0%	42,934,010	242,565	-2.4%	5,600,000	31,638	21.4%
2009	24,993	174	0.0070	-0.1%	43,500,000	250,000	3.1%	6,394,500	36,750	16.2%
2010	24,745	156	0.0063	-9.4%	40,500,000	259,615	3.8%	5,953,500	38,163	3.8%
2011	24,360	187	0.0077	21.8%	46,502,475	248,676	-4.2%	6,904,222	36,921	-3.3%
2012	24,360	185	0.0076	-1.0%	46,280,000	250,000	0.5%	6,939,904	37,489	1.5%
Indicated Trend - Latest 10 years			-3.58%			2.67%			9.95%	
Indicated Trend - 2003 through 2010			-6.31%			3.55%			12.16%	
Selected				0.00%			3.50%			4.50%

(2) Provided by USTIF.

(3) From Exhibit 7.

(4) = (3) / (2)

(5) Period-over-Period change in (4).

(6) From Exhibit 2.

(7) = (6) / (3)

(8) Period-over-Period change in (7).

(9) From Exhibit 8.

(10) = (9) / (3)

(11) Period-over-Period change in (10).



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Estimated Payment Pattern**

(1)	(2)	(3)	(4)	(5)	(6)
Maturity (Months)	Incremental Percentage Paid	Cumulative Percentage Paid	Maturity (Months)	Implied Incremental Percentage Paid	Interpolated Cumulative Percentage Paid
6	0.004	0.004	12	0.047	0.047
18	0.086	0.090	24	0.105	0.151
30	0.123	0.213	36	0.107	0.258
42	0.090	0.303	48	0.086	0.343
54	0.081	0.384	60	0.072	0.416
66	0.064	0.448	72	0.058	0.474
78	0.052	0.500	84	0.061	0.534
90	0.070	0.569	96	0.057	0.591
102	0.044	0.613	108	0.044	0.635
114	0.045	0.657	120	0.045	0.681
126	0.046	0.704	132	0.041	0.722
138	0.036	0.740	144	0.032	0.754
150	0.029	0.769	156	0.025	0.779
162	0.021	0.790	168	0.019	0.798
174	0.017	0.807	180	0.019	0.817
186	0.020	0.827	192	0.019	0.837
198	0.019	0.846	204	0.026	0.863
210	0.034	0.880	216	0.029	0.892
222	0.024	0.904	228	0.024	0.916
234	0.024	0.928	240	0.024	0.940
246	0.024	0.952	252	0.024	0.964
258	0.024	0.976	264	0.024	0.988
270	0.024	1.000	276	0.012	1.000

- (2) Based on (3).
(3) From Pro Forma 11.
(5) Based on (6).
(6) Interpolated based on (3).



Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience @ 06/30/12
 Estimated Payment Pattern

Estimated Ultimate Loss
 & ALAE ²

	Paid Loss & ALAE Combined ¹																		
	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	
1994	26,549	1,112,976	2,719,186	4,236,228	5,285,263	5,939,452	7,482,553	8,564,703	9,477,406	10,350,474	11,252,051	12,195,614	13,032,291	13,588,994	15,314,938	15,709,728	16,081,707	16,385,041	
1995	80,363	4,087,659	9,026,123	12,185,081	14,744,313	17,944,081	20,821,180	23,888,062	26,748,044	29,137,306	31,472,990	33,896,880	35,887,456	38,745,968	40,517,288	41,928,197	43,374,296	44,481,220	
1996	378,046	5,783,162	11,263,295	16,306,452	19,975,004	24,322,249	28,142,300	32,001,522	35,414,898	38,905,007	42,351,042	45,936,538	48,598,758	50,740,689	51,886,245	53,592,372	54,762,889		
1997	815,371	7,875,779	14,758,342	21,017,720	27,565,532	33,565,170	39,449,251	46,062,610	50,123,154	54,060,367	57,548,621	61,182,809	63,893,939	66,393,287	68,349,233	69,868,218			
1998	669,532	12,642,059	22,085,159	30,767,672	40,238,127	49,458,358	57,111,018	64,772,688	72,443,459	78,531,873	84,457,462	88,187,040	91,693,377	95,304,283	96,878,133				
1999	995,206	10,809,677	24,747,463	37,178,409	49,219,242	60,182,300	69,633,767	78,161,811	85,782,496	92,972,886	100,362,130	105,081,248	108,548,127	111,635,611					
2000	1,575,214	8,024,820	18,347,170	25,954,735	33,207,452	40,522,360	47,051,556	52,057,715	55,960,339	59,329,017	62,243,765	64,238,729	66,082,292						
2001	809,903	8,376,286	18,477,080	27,605,858	36,928,114	45,163,118	52,263,847	57,451,754	62,131,654	66,554,758	70,330,364	73,282,030							
2002	228,084	7,089,086	14,710,589	22,931,509	29,928,074	36,856,750	42,864,181	48,271,600	51,714,403	54,530,815	57,202,191								
2003	177,897	4,463,156	10,291,790	16,163,904	20,582,941	24,137,096	27,631,165	30,336,428	32,578,695	34,547,270									
2004	63,928	4,311,757	11,180,929	22,285,037	28,765,844	34,380,616	39,561,793	43,569,545	46,204,583										
2005	130,235	3,786,862	11,254,927	16,559,427	21,328,688	25,240,041	28,461,680	31,679,023											
2006	109,170	3,897,217	8,765,680	12,988,017	16,383,871	19,560,516	21,949,600												
2007	291,760	5,926,828	11,734,761	16,555,350	20,335,786	23,018,153													
2008	484,494	5,679,183	11,264,089	15,406,955	18,425,257														
2009	303,418	5,221,246	10,434,475	13,864,095															
2010	291,417	4,356,960	9,143,950																
2011	176,467	3,592,947																	
2012	72,256																		
	Paid Loss & ALAE to Ultimate Loss & ALAE ³																		
	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	
1994	0.001	0.060	0.147	0.228	0.285	0.320	0.403	0.461	0.511	0.558	0.606	0.657	0.702	0.732	0.825	0.846	0.867	0.883	
1995	0.002	0.079	0.175	0.236	0.286	0.348	0.404	0.463	0.518	0.565	0.610	0.657	0.696	0.751	0.785	0.813	0.841	0.862	
1996	0.006	0.088	0.171	0.247	0.303	0.369	0.427	0.485	0.537	0.590	0.642	0.697	0.737	0.769	0.787	0.813	0.831		
1997	0.010	0.094	0.177	0.252	0.330	0.402	0.472	0.552	0.600	0.647	0.689	0.733	0.765	0.795	0.818	0.837			
1998	0.006	0.107	0.187	0.260	0.340	0.418	0.483	0.548	0.613	0.664	0.714	0.746	0.776	0.806	0.819				
1999	0.007	0.076	0.175	0.263	0.348	0.425	0.492	0.552	0.606	0.657	0.709	0.742	0.767	0.788					
2000	0.018	0.093	0.213	0.302	0.386	0.471	0.547	0.605	0.650	0.689	0.723	0.747	0.768						
2001	0.008	0.083	0.183	0.273	0.365	0.447	0.517	0.568	0.614	0.658	0.695	0.725							
2002	0.003	0.085	0.177	0.276	0.360	0.443	0.515	0.580	0.622	0.655	0.688								
2003	0.003	0.084	0.193	0.303	0.386	0.453	0.518	0.569	0.611	0.648									
2004	0.001	0.056	0.146	0.292	0.376	0.450	0.518	0.570	0.605										
2005	0.002	0.067	0.198	0.292	0.376	0.445	0.501	0.558											
2006	0.002	0.089	0.199	0.295	0.372	0.444	0.499												
2007	0.006	0.117	0.231	0.326	0.400	0.453													
2008	0.010	0.117	0.232	0.317	0.380														
2009	0.006	0.105	0.209	0.278															
2010	0.006	0.094	0.197																
2011	0.003	0.067																	
2012	0.001																		
average	0.005	0.087	0.189	0.277	0.353	0.420	0.484	0.543	0.590	0.633	0.675	0.713	0.744	0.774	0.807	0.827	0.846	0.872	
last 4 avg	0.004	0.096	0.217	0.304	0.382	0.448	0.509	0.569	0.613	0.663	0.704	0.740	0.769	0.790	0.802	0.827			
last 3 avg	0.004	0.089	0.213	0.307	0.384	0.447	0.506	0.566	0.612	0.654	0.702	0.738	0.770	0.796	0.808	0.821	0.846		
Last 2 avg	0.002	0.081	0.203	0.298	0.390	0.449	0.500	0.564	0.608	0.652	0.692	0.736	0.767	0.797	0.819	0.825	0.836	0.872	
Prior Selected	0.006	0.104	0.213	0.306	0.377	0.434	0.500	0.559	0.615	0.657	0.703	0.733	0.760	0.781	0.811	0.835	0.870	0.892	
Selected	0.004	0.090	0.213	0.303	0.384	0.448	0.500	0.569	0.613	0.657	0.704	0.740	0.769	0.790	0.807	0.827	0.846	0.880	

¹ Based on Exhibit 13 and Exhibit 15.

² From Pro Forma 12



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Summary of Estimated Ultimate Loss & ALAE**

(1)	(2)	(3)	(4)
Policy Period	Estimated Ultimate Loss	Estimated Ultimate ALAE	Estimated Ultimate Loss & ALAE
1994	16,208,887	2,350,000	18,558,887
1995	49,960,696	1,636,907	51,597,604
1996	63,628,269	2,312,881	65,941,150
1997	79,580,993	3,933,033	83,514,026
1998	110,633,467	7,600,000	118,233,467
1999	132,702,488	8,900,000	141,602,488
2000	80,248,038	5,800,000	86,048,038
2001	94,862,588	6,266,820	101,129,408
2002	77,990,711	5,200,000	83,190,711
2003	49,132,706	4,200,000	53,332,706
2004	69,859,684	6,568,511	76,428,195
2005	51,345,382	5,432,803	56,778,185
2006	40,035,962	3,983,002	44,018,965
2007	46,000,000	4,820,417	50,820,417
2008	42,934,010	5,600,000	48,534,010
2009	43,500,000	6,394,500	49,894,500
2010	40,500,000	5,953,500	46,453,500
2011	46,502,475	6,904,222	53,406,698
2012	46,280,000	6,939,904	53,219,904
Total	1,181,906,355	100,796,501	1,282,702,856

(2) From Exhibit 2

(3) From Exhibit 8

(4) = (2) + (3)



Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience @ 06/30/12
Paid Loss & ALAE

(1)	(2)	(3)	(4)
Policy Period	Paid Loss	Paid ALAE	Paid Loss & ALAE Combined
1994	14,480,115	2,230,005	16,710,120
1995	43,319,945	1,161,275	44,481,220
1996	53,343,725	1,439,164	54,782,889
1997	67,350,780	2,517,438	69,868,218
1998	91,933,051	4,945,082	96,878,133
1999	106,647,940	4,987,671	111,635,611
2000	63,065,100	3,017,192	66,082,292
2001	70,812,422	2,469,608	73,282,030
2002	55,249,860	1,952,331	57,202,191
2003	33,047,621	1,499,649	34,547,270
2004	43,962,061	2,242,522	46,204,583
2005	29,919,189	1,759,834	31,679,023
2006	20,919,129	1,030,471	21,949,600
2007	21,896,733	1,121,420	23,018,153
2008	17,327,320	1,097,937	18,425,257
2009	12,779,155	1,084,940	13,864,095
2010	8,577,291	566,659	9,143,950
2011	3,225,205	367,742	3,592,947
2012	52,971	19,285	72,256
Total	757,909,613	35,510,225	793,419,838

(2) From Exhibit 25

(3) From Exhibit 25

(4) = (2) + (3)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Estimated Unpaid Loss**

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Policy Period	Estimated Ultimate Loss	Paid Loss	Case Reserve	Case Incurred Loss	Estimated IBNR	Estimated Unpaid Loss
1994	16,208,887	14,480,115	924,683	15,404,798	804,089	1,728,772
1995	49,960,696	43,319,945	3,813,639	47,133,584	2,827,112	6,640,751
1996	63,628,269	53,343,725	5,875,528	59,219,253	4,409,016	10,284,544
1997	79,580,993	67,350,780	4,687,916	72,038,696	7,542,297	12,230,213
1998	110,633,467	91,933,051	6,356,742	98,289,793	12,343,674	18,700,416
1999	132,702,488	106,647,940	9,466,824	116,114,764	16,587,724	26,054,548
2000	80,248,038	63,065,100	5,372,579	68,437,679	11,810,359	17,182,938
2001	94,862,588	70,812,422	8,841,935	79,654,357	15,208,231	24,050,166
2002	77,990,711	55,249,860	8,718,438	63,968,298	14,022,413	22,740,851
2003	49,132,706	33,047,621	6,065,652	39,113,273	10,019,433	16,085,085
2004	69,859,684	43,962,061	10,097,948	54,060,009	15,799,675	25,897,623
2005	51,345,382	29,919,189	6,817,290	36,736,479	14,608,903	21,426,193
2006	40,035,962	20,919,129	6,241,828	27,160,957	12,875,005	19,116,833
2007	46,000,000	21,896,733	5,807,911	27,704,644	18,295,356	24,103,267
2008	42,934,010	17,327,320	7,170,753	24,498,073	18,435,937	25,606,690
2009	43,500,000	12,779,155	7,911,536	20,690,691	22,809,309	30,720,845
2010	40,500,000	8,577,291	8,873,647	17,450,938	23,049,062	31,922,709
2011	46,502,475	3,225,205	17,049,174	20,274,379	26,228,096	43,277,270
1/1/2012-6/30/2012	23,140,000 ¹	52,971	9,008,029	9,061,000	14,079,000	23,087,029
Total	1,158,766,355	757,909,613	139,102,052	897,011,665	261,754,690	400,856,742

(2) From Exhibit 2

(3) From Exhibit 25

(4) From Exhibit 25

(5) = (3) + (4)

(6) = (2) - (5)

(7) = (4) + (6)

¹ 2012 estimate from Exhibit 2 multiplied by 50% to estimate the ultimate loss for 1/1/12-6/30/12.



Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience @ 06/30/12
Estimated Unpaid ALAE

(1)	(2)	(3)	(4)
Policy Period	Estimated Ultimate ALAE	Paid ALAE	Estimated Unpaid ALAE
1994	2,350,000	2,230,005	119,995
1995	1,636,907	1,161,275	475,632
1996	2,312,881	1,439,164	873,717
1997	3,933,033	2,517,438	1,415,595
1998	7,600,000	4,945,082	2,654,918
1999	8,900,000	4,987,671	3,912,329
2000	5,800,000	3,017,192	2,782,808
2001	6,266,820	2,469,608	3,797,212
2002	5,200,000	1,952,331	3,247,669
2003	4,200,000	1,499,649	2,700,351
2004	6,568,511	2,242,522	4,325,989
2005	5,432,803	1,759,834	3,672,969
2006	3,983,002	1,030,471	2,952,531
2007	4,820,417	1,121,420	3,698,997
2008	5,600,000	1,097,937	4,502,063
2009	6,394,500	1,084,940	5,309,560
2010	5,953,500	566,659	5,386,841
2011	6,904,222	367,742	6,536,480
1/1/2012-6/30/2012	3,469,952 ¹	19,285	3,450,667
Total	97,326,549	35,510,225	61,816,324

(2) From Exhibit 8

(3) From Exhibit 25

(4) = (2) - (3)

¹ 2012 estimate from Exhibit 8 multiplied by 50% to estimate the ultimate ALAE for 1/1/12-6/30/12.



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Estimated Ultimate Loss**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Ultimate Loss Indications				
Policy Period	Paid Loss	Incurred Loss	Incurred Loss Loss Development Method	Paid Loss Loss Development Method	Incurred Loss Cape Cod Method	Paid Loss Cape Cod Method	Selected Ultimate Loss
1994	14,480,115	15,404,798	16,208,887	15,846,370	16,721,034	16,768,052	16,208,887
1995	43,319,945	47,133,584	50,337,739	48,829,569	51,199,470	50,538,281	49,960,696
1996	53,343,725	59,219,253	64,193,670	61,932,065	64,415,507	62,692,823	63,628,269
1997	67,350,780	72,038,696	79,261,296	80,540,083	79,386,160	80,710,547	79,580,993
1998	91,933,051	98,289,793	109,766,493	113,234,389	109,222,926	111,943,020	110,633,467
1999	106,647,940	116,114,764	131,617,868	135,956,348	130,217,369	133,004,208	132,702,488
2000	63,065,100	68,437,679	79,126,663	83,612,161	78,917,628	82,591,289	80,248,038
2001	70,812,422	79,654,357	93,937,130	97,638,960	91,184,715	92,178,609	94,862,588
2002	55,249,860	63,968,298	77,324,374	79,989,720	78,910,487	82,712,785	77,990,711
2003	33,047,621	39,113,273	48,509,091	51,003,550	48,223,923	51,112,162	49,132,706
2004	43,962,061	54,060,009	68,856,594	72,868,953	67,861,256	71,868,573	69,859,684
2005	29,919,189	36,736,479	49,131,073	53,559,690	48,987,531	53,584,523	51,345,382
2006	20,919,129	27,160,957	38,504,337	41,567,587	39,971,099	44,983,147	40,035,962
2007	21,896,733	27,704,644	42,220,719	50,036,668	41,460,593	47,285,052	46,000,000
2008	17,327,320	24,498,073	39,574,081	47,118,061	39,439,522	45,604,377	42,934,010
2009	12,779,155	20,690,691	35,763,308	44,480,343	37,296,418	45,102,691	43,500,000
2010	8,577,291	17,450,938	33,179,830	44,185,304	34,629,140	42,380,987	40,500,000
2011	3,225,205	20,274,379	41,053,723	34,890,269	42,900,610	50,104,341	46,502,475
2012	52,971	9,061,000	40,364,892	40,112,821	44,581,540	52,907,443	46,280,000
Total	757,909,613	897,011,665	1,138,931,770	1,197,402,912	1,145,526,925	1,218,072,909	1,181,906,355

(2) & (3) From Exhibit 25
 (4) From Exhibit 3
 (5) From Exhibit 4
 (6) From Exhibit 5
 (7) From Exhibit 6
 (8) Selected judgmentally.



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Incurred Loss Development**

(1)	(2)	(3)	(4)
Policy Period	Incurred Loss	Cumulative Incurred Loss Development Factor	Estimated Ultimate Loss
1994	15,404,798	1.052	16,208,887
1995	47,133,584	1.068	50,337,739
1996	59,219,253	1.084	64,193,670
1997	72,038,696	1.100	79,261,296
1998	98,289,793	1.117	109,766,493
1999	116,114,764	1.134	131,617,868
2000	68,437,679	1.156	79,126,663
2001	79,654,357	1.179	93,937,130
2002	63,968,298	1.209	77,324,374
2003	39,113,273	1.240	48,509,091
2004	54,060,009	1.274	68,856,594
2005	36,736,479	1.337	49,131,073
2006	27,160,957	1.418	38,504,337
2007	27,704,644	1.524	42,220,719
2008	24,498,073	1.615	39,574,081
2009	20,690,691	1.728	35,763,308
2010	17,450,938	1.901	33,179,830
2011	20,274,379	2.025	41,053,723
2012	9,061,000	4.455	40,364,892
Total	897,011,665		1,138,931,770

(2) From Exhibit 25

(3) From Exhibit 11

(4) = (2) x (3)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Paid Loss Development Method**

(1)	(2)	(3)	(4)
Policy Period	Paid Loss	Cumulative Paid Loss Development Factor	Estimated Ultimate Loss
1994	14,480,115	1.094	15,846,370
1995	43,319,945	1.127	48,829,569
1996	53,343,725	1.161	61,932,065
1997	67,350,780	1.196	80,540,083
1998	91,933,051	1.232	113,234,389
1999	106,647,940	1.275	135,956,348
2000	63,065,100	1.326	83,612,161
2001	70,812,422	1.379	97,638,960
2002	55,249,860	1.448	79,989,720
2003	33,047,621	1.543	51,003,550
2004	43,962,061	1.658	72,868,953
2005	29,919,189	1.790	53,559,690
2006	20,919,129	1.987	41,567,587
2007	21,896,733	2.285	50,036,668
2008	17,327,320	2.719	47,118,061
2009	12,779,155	3.481	44,480,343
2010	8,577,291	5.151	44,185,304
2011	3,225,205	10.818	34,890,269
2012	52,971	757.260	40,112,821
Total	757,909,613		1,197,402,912

(2) From Exhibit 25

(3) From Exhibit 11

(4) = (2) x (3)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Generalized Cape Cod Method - Reported Loss**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Policy Period	Ultimate Claims	Trend Index	Age-to-Ultimate LDF (Reported Loss)	Portion of Ultimate Loss Reported	Cumulative Reported Loss at 6/30/2012	Trended Developed Loss to Exposure Ratio	Trended Expected Loss to Exposure Ratio	Expected Ultimate Loss	Estimated IBNR Losses	Estimated Ultimate Indemnity Losses
1994	170	1.969	1.052	95.0%	15,404,798	187,731	307,302	26,532,766	1,316,236	16,721,034
1995	389	1.902	1.068	93.6%	47,133,584	246,170	312,376	63,875,661	4,065,886	51,199,470
1996	383	1.838	1.084	92.3%	59,219,253	308,067	321,805	67,056,420	5,196,254	64,415,507
1997	433	1.776	1.100	90.9%	72,038,696	325,076	330,696	80,631,563	7,347,464	79,386,160
1998	529	1.716	1.117	89.5%	98,289,793	356,029	339,166	104,567,660	10,933,133	109,222,926
1999	574	1.658	1.134	88.2%	116,114,764	380,131	345,791	119,727,942	14,102,605	130,217,369
2000	356	1.602	1.156	86.5%	68,437,679	356,011	349,048	77,579,247	10,479,949	78,917,628
2001	333	1.548	1.179	84.8%	79,654,357	436,559	352,430	75,834,626	11,530,358	91,184,715
2002	349	1.411	1.209	82.7%	63,968,298	312,532	349,647	86,507,100	14,942,189	78,910,487
2003	241	1.363	1.240	80.6%	39,113,273	274,327	266,001	47,036,813	9,110,650	48,223,923
2004	319	1.317	1.274	78.5%	54,060,009	284,235	265,115	64,224,741	13,801,247	67,861,256
2005	236	1.272	1.337	74.8%	36,736,479	264,866	261,799	48,562,083	12,251,052	48,987,531
2006	207	1.229	1.418	70.5%	27,160,957	228,655	258,222	43,483,159	12,810,142	39,971,099
2007	185	1.188	1.524	65.6%	27,704,644	271,054	256,860	40,009,855	13,755,949	41,460,593
2008	177	1.148	1.615	61.9%	24,498,073	256,566	254,276	39,220,866	14,941,449	39,439,522
2009	174	1.109	1.728	57.9%	20,690,691	227,882	251,061	39,400,969	16,605,727	37,296,418
2010	156	1.071	1.901	52.6%	17,450,938	227,840	248,834	36,237,125	17,178,202	34,629,140
2011	187	1.035	2.025	49.4%	20,274,379	227,222	247,418	44,702,615	22,626,231	42,900,610
2012	185	1.000	4.455	22.4%	9,061,000	218,047	247,418	45,802,060	35,520,540	44,581,540
Total	5,583				897,011,665			1,150,993,272	248,515,260	1,145,526,925
Control	5,583				897,011,665					

Notes

- (2) From Exhibit 7
- (4) From Exhibit 11
- (5) $1.0 \div (4)$
- (6) From Exhibit 25
- (7) $[(6) \times (3) \div ((2) \times (5))]$

- (3) Trend Rate =

3.50%

- (3) ILF \$1.5mln to \$1mln =

1.06

- (3) The annual aggregate loss limit was \$1mln for 2001 and prior, \$3mln thereafter.
- (8) CC Decay Factor =

0.80

- (8) Separate calculations are performed for each period (before 2003, after 2002)
- (9) $(8) \times ((2) \div (3))$
- (10) $(9) \times (1 - (5))$
- (11) $(6) + (10)$



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Generalized Cape Cod Method - Paid Loss**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Policy Period	Ultimate Claims	Trend Index	Age-to-Ultimate LDF (Paid Loss)	Portion of Ultimate Loss Paid	Cumulative Paid Loss at 6/30/2012	Trended Developed Loss to Exposure Ratio	Trended Expected Loss to Exposure Ratio	Expected Ultimate Loss	Estimated Unpaid Loss	Estimated Ultimate Loss
1994	170	1.969	1.094	91.4%	14,480,115	183,533	307,344	26,536,408	2,287,937	16,768,052
1995	389	1.902	1.127	88.7%	43,319,945	238,795	312,853	63,973,194	7,218,336	50,538,281
1996	383	1.838	1.161	86.1%	53,343,725	297,213	323,541	67,418,033	9,349,098	62,692,823
1997	433	1.776	1.196	83.6%	67,350,780	330,320	334,590	81,581,014	13,359,767	80,710,547
1998	529	1.716	1.232	81.2%	91,933,051	367,277	345,011	106,369,682	20,009,969	111,943,020
1999	574	1.658	1.275	78.4%	106,647,940	392,661	353,110	122,261,910	26,356,268	133,004,208
2000	356	1.602	1.326	75.4%	63,065,100	376,192	357,501	79,457,926	19,526,189	82,591,289
2001	333	1.548	1.379	72.5%	70,812,422	453,763	361,402	77,765,243	21,366,187	92,178,609
2002	349	1.411	1.448	69.1%	55,249,860	323,305	358,890	88,794,023	27,462,925	82,712,785
2003	241	1.363	1.543	64.8%	33,047,621	288,434	290,179	51,312,062	18,064,541	51,112,162
2004	319	1.317	1.658	60.3%	43,962,061	300,798	290,388	70,347,180	27,906,512	71,868,573
2005	236	1.272	1.790	55.9%	29,919,189	288,741	289,044	53,615,950	23,665,334	53,584,523
2006	207	1.229	1.987	50.3%	20,919,129	246,846	287,678	48,443,479	24,064,018	44,983,147
2007	185	1.188	2.285	43.8%	21,896,733	321,232	289,821	45,143,917	25,388,319	47,285,052
2008	177	1.148	2.719	36.8%	17,327,320	305,475	289,954	44,723,966	28,277,057	45,604,377
2009	174	1.109	3.481	28.7%	12,779,155	283,426	288,990	45,353,567	32,323,536	45,102,691
2010	156	1.071	5.151	19.4%	8,577,291	303,413	288,038	41,946,362	33,803,696	42,380,987
2011	187	1.035	10.818	9.2%	3,225,205	193,109	285,892	51,653,951	46,879,136	50,104,341
2012	185	1.000	757.260	0.1%	52,971	216,686	285,892	52,924,362	52,854,472	52,907,443
Total	5,583				757,909,613			1,219,622,229	460,163,296	1,218,072,909
Control	5,583				757,909,613					

Notes

- (2) From Exhibit 7
 (4) From Exhibit 11
 (5) $1.0 \div (4)$
 (6) From Exhibit 25
 (7) $[(6) \times (3) \div ((2) \times (5))]$

- (3) Trend Rate =

3.50%

 (3) ILF \$1.5mln to \$1mln =

1.06

 (8) CC Decay Factor =

0.80

 (8) Separate calculations are performed for each period (before 2003, after 2002)
 (9) $(8) \times ((2) \div (3))$
 (10) $(9) \times (1 - (5))$
 (11) $(6) + (10)$



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Estimated Ultimate Number of Claims**

(1)	(2)	(3)	(4)
Policy Period	Reported Claim Counts	Cumulative Reported Claim Count Development Factor	Estimated Ultimate Claims Counts
1994	170	1.000	170
1995	389	1.000	389
1996	383	1.000	383
1997	433	1.000	433
1998	529	1.000	529
1999	574	1.000	574
2000	356	1.000	356
2001	333	1.000	333
2002	349	1.000	349
2003	241	1.000	241
2004	319	1.000	319
2005	236	1.000	236
2006	207	1.000	207
2007	185	1.000	185
2008	177	1.000	177
2009	174	1.000	174
2010	156	1.000	156
2011	187	1.000	187
2012	89	2.080	185
Total	5,487		5,583

(2) From Exhibit 27

(3) From Exhibit 11

(4) = (2) x (3)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Estimated Ultimate ALAE**

(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Ultimate ALAE Indications				
Policy Period	Paid ALAE	Paid ALAE Development Method	Paid ALAE Cape Cod Method	Selected Ultimate ALAE	Estimated Ultimate Loss	Estimated ALAE Ratio
1994	2,230,005	2,377,269	2,311,156	2,350,000	16,208,887	0.145
1995	1,161,275	1,314,651	1,636,907	1,636,907	49,960,696	0.033
1996	1,439,164	1,726,997	2,312,881	2,312,881	63,628,269	0.036
1997	2,517,438	3,202,181	3,933,033	3,933,033	79,580,993	0.049
1998	4,945,082	6,919,159	7,596,151	7,600,000	110,633,467	0.069
1999	4,987,671	7,676,624	8,929,445	8,900,000	132,702,488	0.067
2000	3,017,192	5,108,203	5,829,729	5,800,000	80,248,038	0.072
2001	2,469,608	4,599,238	6,266,820	6,266,820	94,862,588	0.066
2002	1,952,331	3,999,484	5,239,416	5,200,000	77,990,711	0.067
2003	1,499,649	3,440,790	4,237,170	4,200,000	49,132,706	0.085
2004	2,242,522	5,917,021	6,568,511	6,568,511	69,859,684	0.094
2005	1,759,834	5,432,803	5,254,732	5,432,803	51,345,382	0.106
2006	1,030,471	3,753,791	3,983,002	3,983,002	40,035,962	0.099
2007	1,121,420	4,820,417	4,744,257	4,820,417	46,000,000	0.105
2008	1,097,937	5,616,175	4,677,232	5,600,000	42,934,010	0.130
2009	1,084,940	7,603,079	4,986,757	6,394,500	43,500,000	0.147
2010	566,659	6,552,236	4,474,987	5,953,500	40,500,000	0.147
2011	367,742	10,205,217	5,148,897	6,904,222	46,502,475	0.148
2012	19,285	10,703,569	4,994,152	6,939,904	46,280,000	0.150
Total	35,510,225	100,968,904	93,125,237	100,796,501	1,181,906,355	

(2) From Exhibit 25

(3) From Exhibit 9

(4) From Exhibit 10

(5) Judgmentally Selected

(6) From Exhibit 2

(7) = (5) ÷ (6)



Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience @ 06/30/12
Paid ALAE Development Method

(1)	(2)	(3)	(4)
Policy Period	Paid ALAE	Cumulative Development Factor	Estimated Ultimate ALAE
1994	2,230,005	1.066	2,377,269
1995	1,161,275	1.132	1,314,651
1996	1,439,164	1.200	1,726,997
1997	2,517,438	1.272	3,202,181
1998	4,945,082	1.399	6,919,159
1999	4,987,671	1.539	7,676,624
2000	3,017,192	1.693	5,108,203
2001	2,469,608	1.862	4,599,238
2002	1,952,331	2.049	3,999,484
2003	1,499,649	2.294	3,440,790
2004	2,242,522	2.639	5,917,021
2005	1,759,834	3.087	5,432,803
2006	1,030,471	3.643	3,753,791
2007	1,121,420	4.298	4,820,417
2008	1,097,937	5.115	5,616,175
2009	1,084,940	7.008	7,603,079
2010	566,659	11.563	6,552,236
2011	367,742	27.751	10,205,217
2012	19,285	555.020	10,703,569
Total	35,510,225		100,968,904

(2) From Exhibit 25

(3) From Exhibit 11

(4) = (2) x (3)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Generalized Cape Cod Method - Paid ALAE**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Policy Period	Ultimate Loss	Trend Index	Age-to-Ultimate LDF (Paid ALAE)	Portion of Ultimate Expense Paid	Cumulative Paid ALAE at 6/30/2012	Trended Developed ALAE to Exposure Ratio	Trended Expected ALAE to Exposure Ratio	Expected Ultimate ALAE	Estimated Unpaid ALAE	Estimated Ultimate ALAE
1994	16,208,887	1.122	1.066	93.8%	2,230,005	0.165	0.091	1,310,006	81,151	2,311,156
1995	49,960,696	1.111	1.132	88.3%	1,161,275	0.029	0.091	4,076,847	475,632	1,636,907
1996	63,628,269	1.100	1.200	83.3%	1,439,164	0.030	0.091	5,242,302	873,717	2,312,881
1997	79,580,993	1.090	1.272	78.6%	2,517,438	0.044	0.091	6,619,988	1,415,595	3,933,033
1998	110,633,467	1.079	1.399	71.5%	4,945,082	0.068	0.091	9,292,024	2,651,069	7,596,151
1999	132,702,488	1.069	1.539	65.0%	4,987,671	0.062	0.091	11,253,272	3,941,774	8,929,445
2000	80,248,038	1.059	1.693	59.1%	3,017,192	0.067	0.091	6,870,844	2,812,537	5,829,729
2001	94,862,588	1.049	1.862	53.7%	2,469,608	0.051	0.091	8,200,618	3,797,212	6,266,820
2002	77,990,711	1.101	2.049	48.8%	1,952,331	0.056	0.091	6,421,915	3,287,085	5,239,416
2003	49,132,706	1.090	2.294	43.6%	1,499,649	0.076	0.108	4,852,422	2,737,521	4,237,170
2004	69,859,684	1.080	2.639	37.9%	2,242,522	0.091	0.108	6,966,112	4,325,989	6,568,511
2005	51,345,382	1.070	3.087	32.4%	1,759,834	0.113	0.108	5,169,412	3,494,898	5,254,732
2006	40,035,962	1.059	3.643	27.5%	1,030,471	0.099	0.108	4,069,733	2,952,531	3,983,002
2007	46,000,000	1.049	4.298	23.3%	1,121,420	0.110	0.108	4,721,168	3,622,837	4,744,257
2008	42,934,010	1.039	5.115	19.5%	1,097,937	0.136	0.108	4,449,068	3,579,295	4,677,232
2009	43,500,000	1.029	7.008	14.3%	1,084,940	0.180	0.108	4,551,272	3,901,817	4,986,757
2010	40,500,000	1.019	11.563	8.6%	566,659	0.165	0.108	4,278,332	3,908,328	4,474,987
2011	46,502,475	1.010	27.751	3.6%	367,742	0.222	0.108	4,959,883	4,781,155	5,148,897
2012	46,280,000	1.000	555.020	0.2%	19,285	0.231	0.108	4,983,847	4,974,867	4,994,152
Total	1,181,906,355				35,510,225			108,289,066	57,615,012	93,125,237
Control	1,181,906,355				35,510,225					

Notes

- (2) Selected exposure proxy; values from Exhibit 2
 (4) From Exhibit 11
 (5) $1.0 \div (4)$
 (6) Exhibit 25
 (7) $[(6) \times (3) \div (2) \times (5)]$
- | | | |
|-----|---------------------------|------|
| (3) | ALAE-to-Loss Trend Rate = | 1.0% |
| (3) | ILF \$1.5mln to \$1mln = | 1.06 |
| (8) | CC Decay Factor = | 1.00 |
- (8) Separate calculations are performed for each period (before 2003, after 2002)
 (9) $(8) \times ((2) \div (3))$
 (10) $(9) \times (1 - (5))$
 (11) $(6) + (10)$



Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience @ 06/30/12
Summary of Development Factors

(1)	(2)	(3)	(4)	(5)	(6)
Policy Period	Age at 6/30/2012	Cumulative Development Factors			
		Reported Loss	Paid Loss	Rptd Claim Count	Paid ALAE
1994	222	1.052	1.094	1.000	1.066
1995	210	1.068	1.127	1.000	1.132
1996	198	1.084	1.161	1.000	1.200
1997	186	1.100	1.196	1.000	1.272
1998	174	1.117	1.232	1.000	1.399
1999	162	1.134	1.275	1.000	1.539
2000	150	1.156	1.326	1.000	1.693
2001	138	1.179	1.379	1.000	1.862
2002	126	1.209	1.448	1.000	2.049
2003	114	1.240	1.543	1.000	2.294
2004	102	1.274	1.658	1.000	2.639
2005	90	1.337	1.790	1.000	3.087
2006	78	1.418	1.987	1.000	3.643
2007	66	1.524	2.285	1.000	4.298
2008	54	1.615	2.719	1.000	5.115
2009	42	1.728	3.481	1.000	7.008
2010	30	1.901	5.151	1.000	11.563
2011	18	2.025	10.818	1.000	27.751
2012	6	4.455	757.260	2.080	555.020

(3) From Exhibit 12

(4) From Exhibit 13

(5) From Exhibit 14

(6) From Exhibit 15



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Incurred Development - Loss**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222
1994	2,293,319	9,483,332	8,899,568	8,587,163	7,930,656	8,314,481	10,736,650	11,535,278	12,987,106	13,420,047	13,621,686	13,783,936	13,918,876	14,149,757	14,804,757	14,850,393	15,046,887	15,204,018	15,404,798
1995	8,613,250	16,098,768	18,298,725	19,905,459	21,046,453	24,235,853	30,196,463	33,211,371	35,802,138	37,475,351	38,358,906	40,998,671	42,354,370	44,963,740	46,000,516	45,651,955	46,508,480	47,133,584	
1996	8,936,404	23,368,929	25,913,942	27,625,579	30,510,919	36,563,786	40,301,207	44,222,184	48,484,299	49,507,709	52,006,708	54,189,892	55,975,467	57,184,645	57,091,549	58,369,113	59,219,253		
1997	12,153,729	27,861,716	28,259,518	36,177,302	42,526,638	47,668,066	57,301,838	61,349,601	64,189,876	65,467,840	67,806,573	68,583,281	70,477,256	71,766,471	72,414,114	72,038,696			
1998	19,943,710	35,996,986	41,851,859	51,656,812	60,571,036	68,716,024	78,270,421	83,788,081	88,194,303	92,675,198	93,892,790	94,387,396	96,041,089	97,415,284	98,289,793				
1999	26,009,771	42,286,868	52,273,156	65,412,219	83,690,530	93,546,446	96,396,129	101,152,488	107,169,674	109,940,818	112,281,362	113,503,042	115,006,533	116,114,764					
2000	18,092,663	31,208,525	39,242,788	46,202,717	53,727,961	60,561,432	62,671,231	64,115,685	64,428,489	65,452,269	66,893,820	68,463,377	68,437,679						
2001	16,125,130	42,623,490	49,903,528	54,128,193	60,019,616	65,645,806	69,282,911	70,125,237	73,221,447	75,070,881	76,907,829	79,654,357							
2002	27,341,744	41,824,436	43,658,109	46,933,913	51,841,755	55,112,330	56,245,550	59,407,302	61,309,632	62,084,385	63,968,298								
2003	11,730,000	24,991,591	29,680,371	30,587,380	32,048,460	32,270,718	34,380,712	36,594,209	38,197,103	39,113,273									
2004	21,620,000	40,404,425	40,479,491	48,636,015	47,958,998	47,745,263	51,467,210	54,710,996	54,060,009										
2005	13,735,000	30,634,789	28,431,767	29,602,249	32,601,798	33,741,333	35,239,796	36,736,479											
2006	11,575,000	22,574,518	20,831,916	22,126,220	23,345,645	24,336,754	27,160,957												
2007	9,955,000	20,225,486	20,703,206	24,435,623	26,181,452	27,704,644													
2008	10,485,000	19,577,437	22,432,876	23,522,269	24,498,073														
2009	11,665,000	22,256,756	21,488,761	20,690,691															
2010	9,333,000	17,533,011	17,450,938																
2011	9,010,000	20,274,379																	
2012	9,061,000																		
Policy Period	6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to 126	126 to 138	138 to 150	150 to 162	162 to 174	174 to 186	186 to 198	198 to 210	210 to 222	
1994	4.135	0.938	0.965	0.924	1.048	1.291	1.074	1.126	1.033	1.015	1.012	1.010	1.017	1.046	1.003	1.013	1.010	1.013	
1995	1.869	1.137	1.088	1.057	1.152	1.246	1.100	1.078	1.047	1.024	1.069	1.033	1.062	1.023	0.992	1.019	1.013		
1996	2.615	1.109	1.066	1.104	1.198	1.102	1.097	1.096	1.021	1.050	1.042	1.033	1.022	0.998	1.022	1.015			
1997	2.287	1.014	1.280	1.176	1.121	1.202	1.071	1.046	1.020	1.036	1.011	1.028	1.018	1.009	0.995				
1998	1.805	1.163	1.234	1.173	1.134	1.139	1.070	1.053	1.051	1.013	1.005	1.018	1.014	1.009					
1999	1.626	1.236	1.251	1.279	1.118	1.030	1.049	1.059	1.026	1.021	1.011	1.013	1.010						
2000	1.725	1.257	1.177	1.163	1.127	1.035	1.023	1.005	1.016	1.022	1.023	1.000							
2001	2.643	1.171	1.085	1.109	1.094	1.055	1.012	1.044	1.025	1.024	1.036								
2002	1.530	1.044	1.075	1.105	1.063	1.021	1.056	1.032	1.013	1.030									
2003	2.131	1.188	1.031	1.048	1.007	1.065	1.064	1.044	1.024										
2004	1.869	1.002	1.201	0.986	0.996	1.078	1.063	0.988											
2005	2.230	0.961	1.006	1.101	1.035	1.044	1.042												
2006	1.950	0.923	1.062	1.055	1.042	1.116													
2007	2.032	1.024	1.180	1.071	1.058														
2008	1.867	1.146	1.049	1.041															
2009	1.908	0.965	0.963																
2010	1.879	0.995																	
2011	2.250																		
3 yr. Weighted Avg.	2.002	1.034	1.062	1.056	1.044	1.076	1.057	1.019	1.020	1.025	1.022	1.011	1.013	1.006	1.003	1.016			
3 yr. Simple Avg.	2.012	1.036	1.064	1.056	1.045	1.079	1.057	1.021	1.021	1.026	1.023	1.010	1.014	1.005	1.003	1.016			
6 yr. Weighted Avg.	1.974	0.997	1.088	1.043	1.032	1.058	1.040	1.032	1.027	1.023	1.019	1.019	1.020						
5 yr. Simple Avg.	1.987	1.011	1.052	1.051	1.028	1.065	1.048	1.023	1.021	1.022	1.017	1.018	1.025	1.017					
All yr. Simple Avg.	2.131	1.075	1.107	1.093	1.085	1.110	1.060	1.052	1.028	1.026	1.026	1.019	1.024	1.017					
All yr. Weighted Avg.	1.968	1.089	1.127	1.118	1.091	1.086	1.055	1.045	1.027	1.026	1.023	1.018	1.020	1.011	1.003	1.016	1.012	1.013	
Weighted Avg. for Period 2004+	1.987	0.998	1.088	1.042	1.026	1.076	1.055	0.988											
Weighted Avg. for Period 2003+	2.002	1.022	1.079	1.043	1.023	1.074	1.057	1.010	1.024										
	6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to 126	126 to 138	138 to 150	150 to 162	162 to 174	174 to 186	186 to 198	198 to Ultimate*		
Prior Selected	2.000	1.065	1.110	1.080	1.060	1.070	1.065	1.050	1.028	1.025	1.025	1.022	1.020	1.020	1.020	1.020	1.069		
Selected Age-to-Age Factor	2.200	1.065	1.100	1.070	1.060	1.075	1.060	1.050	1.027	1.026	1.025	1.020	1.020	1.015	1.015	1.015	1.084		
Age-to-Ultimate	4.455	2.025	1.901	1.728	1.615	1.524	1.418	1.337	1.274	1.240	1.209	1.179	1.156	1.134	1.117	1.100	1.084		

Notes

The tail factor at age 198 was selected based on our professional judgment and a review of the indications under various curve fits (exponential and inverse power).



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Paid Development - Loss**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222
1994	26,549	1,085,543	2,641,954	4,124,329	5,084,843	5,722,553	7,242,469	8,316,696	9,155,065	9,847,402	10,410,633	10,843,786	11,300,869	11,611,420	13,170,559	13,536,456	13,869,548	14,164,610	14,480,115
1995	80,363	4,047,081	8,939,146	12,050,595	14,578,328	17,686,672	20,515,552	23,550,880	26,360,529	28,623,483	30,913,850	33,242,746	35,089,831	37,835,891	39,490,585	40,853,101	42,237,336	43,319,945	
1996	378,046	5,771,167	11,223,864	16,143,606	19,774,295	24,111,356	27,926,570	31,769,564	35,128,689	38,581,188	41,889,846	45,280,494	47,736,241	49,698,931	50,662,724	52,230,107	53,343,725		
1997	815,371	7,821,377	14,581,583	20,702,527	27,113,577	32,834,148	38,065,738	44,432,922	48,428,705	52,335,301	55,708,485	59,170,730	61,760,924	64,112,761	65,930,596	67,350,780			
1998	669,532	12,537,723	21,891,260	30,297,467	39,075,413	47,893,752	55,066,893	62,331,012	69,316,570	74,999,311	80,581,753	84,007,096	87,261,489	90,580,043	91,933,051				
1999	995,206	10,797,570	24,660,509	36,775,269	48,489,269	59,198,778	68,146,592	75,693,025	82,690,689	89,372,768	96,370,703	100,800,313	103,879,099	106,647,940					
2000	1,575,064	8,023,881	18,230,077	25,655,782	32,636,247	39,168,113	45,189,506	49,990,189	53,605,391	56,847,394	59,595,706	61,370,735	63,065,100						
2001	808,910	8,227,308	18,164,142	27,111,459	36,289,194	44,338,472	50,928,805	55,892,131	60,352,298	64,535,713	68,038,275	70,812,422							
2002	216,354	6,839,032	14,180,137	22,166,579	29,048,012	35,829,517	41,696,455	46,911,947	50,198,081	52,805,917	55,249,860								
2003	116,449	4,102,891	9,691,219	15,453,958	19,696,226	23,171,871	26,550,349	29,164,849	31,245,190	33,047,621									
2004	55,434	4,053,846	10,308,270	21,016,687	27,298,840	32,881,469	37,681,242	41,514,100	43,962,061										
2005	115,754	3,587,812	10,699,396	15,753,216	20,226,741	23,938,620	26,988,448	29,919,189											
2006	98,943	3,742,351	8,422,268	12,411,065	15,576,114	18,619,114	20,919,129												
2007	285,928	5,676,478	11,209,781	15,793,250	19,388,678	21,896,733													
2008	473,915	5,506,780	10,865,540	14,655,030	17,327,320														
2009	296,668	4,890,464	9,656,294	12,779,155															
2010	277,174	4,103,941	8,577,291																
2011	160,417	3,225,205																	
2012	52,971																		
Policy Period	6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to 126	126 to 138	138 to 150	150 to 162	162 to 174	174 to 186	186 to 198	198 to 210	210 to 222	
1994	40.888	2.434	1.561	1.233	1.125	1.266	1.148	1.101	1.076	1.057	1.042	1.042	1.027	1.134	1.028	1.025	1.021	1.022	
1995	50.360	2.209	1.348	1.210	1.213	1.160	1.148	1.119	1.086	1.080	1.075	1.066	1.078	1.044	1.035	1.034	1.026		
1996	15.266	1.945	1.438	1.225	1.219	1.158	1.138	1.106	1.088	1.086	1.081	1.064	1.041	1.019	1.031	1.021			
1997	9.592	1.864	1.420	1.310	1.211	1.159	1.167	1.090	1.081	1.064	1.062	1.044	1.038	1.028	1.022				
1998	18.726	1.746	1.384	1.290	1.221	1.155	1.132	1.112	1.082	1.074	1.043	1.039	1.038	1.015					
1999	10.850	2.284	1.491	1.319	1.221	1.151	1.111	1.092	1.081	1.078	1.046	1.031	1.027						
2000	5.094	2.272	1.407	1.272	1.200	1.154	1.106	1.072	1.060	1.048	1.030	1.028							
2001	10.171	2.208	1.493	1.339	1.222	1.149	1.097	1.080	1.069	1.054	1.041								
2002	31.610	2.073	1.563	1.310	1.233	1.164	1.125	1.070	1.052	1.046									
2003	35.233	2.362	1.595	1.275	1.176	1.146	1.098	1.071	1.058										
2004	73.126	2.543	2.039	1.299	1.197	1.153	1.102	1.059											
2005	30.995	2.982	1.472	1.284	1.184	1.127	1.109												
2006	37.823	2.251	1.474	1.255	1.195	1.124													
2007	19.853	1.975	1.409	1.228	1.129														
2008	11.620	1.973	1.349	1.182															
2009	16.485	1.975	1.323																
2010	14.806	2.090																	
2011	20.105																		
3 yr. Weighted Avg.	16.642	2.007	1.362	1.220	1.168	1.138	1.103	1.066	1.061	1.050	1.040	1.033	1.033	1.020	1.028	1.027			
3 yr. Simple Avg.	17.132	2.013	1.360	1.222	1.169	1.135	1.103	1.067	1.060	1.050	1.039	1.032	1.034	1.021	1.029	1.027			
6 yr. Weighted Avg.	17.040	2.160	1.511	1.257	1.190	1.147	1.106	1.077	1.070	1.063	1.048	1.039	1.039						
5 yr. Simple Avg.	16.574	2.053	1.405	1.250	1.176	1.143	1.106	1.070	1.064	1.060	1.044	1.039	1.044	1.048					
All yr. Simple Avg.	25.145	2.187	1.485	1.269	1.196	1.159	1.123	1.088	1.074	1.065	1.052	1.042	1.042	1.048	1.029	1.027	1.023	1.022	
All yr. Weighted Avg.	13.973	2.122	1.475	1.281	1.205	1.153	1.120	1.087	1.074	1.066	1.050	1.039	1.039	1.029	1.028	1.027	1.025	1.022	
Weighted Avg. for Period 2004+	19.718	2.210	1.511	1.254	1.178	1.138	1.105	1.059											
Weighted Avg. for Period 2003+	20.678	2.227	1.522	1.257	1.177	1.139	1.103	1.064	1.058										
	6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to 126	126 to 138	138 to 150	150 to 162	162 to 174	174 to 186	186 to 198	198 to Ultimate*		
Prior Selected	28.000	2.100	1.480	1.285	1.200	1.154	1.110	1.080	1.074	1.068	1.050	1.044	1.042	1.035	1.031	1.031	1.115		
Selected Age-to-Age Factor	70.000	2.100	1.480	1.280	1.190	1.150	1.110	1.080	1.074	1.066	1.050	1.040	1.040	1.035	1.030	1.030	1.161		
Age-to-Ultimate	757.260	10.818	5.151	3.481	2.719	2.285	1.987	1.790	1.658	1.543	1.448	1.379	1.326	1.275	1.232	1.196	1.161		

Notes

The tail factor at age 198 was selected based on our professional judgment and a review of the indications under various curve fits (exponential and inverse power).



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience @ 06/30/12
Reported Claim Count Development

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222
1994	55	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170
1995	168	389	389	389	389	389	389	389	389	389	389	389	389	389	389	389	389	389	389
1996	165	383	383	383	383	383	383	383	383	383	383	383	383	383	383	383	383	383	383
1997	198	433	433	433	433	433	433	433	433	433	433	433	433	433	433	433	433	433	433
1998	287	529	529	529	529	529	529	529	529	529	529	529	529	529	529	529	529	529	529
1999	375	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574
2000	224	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356
2001	134	333	333	333	333	333	333	333	333	333	333	333	333	333	333	333	333	333	333
2002	238	349	349	349	349	349	349	349	349	349	349	349	349	349	349	349	349	349	349
2003	100	241	241	241	241	241	241	241	241	241	241	241	241	241	241	241	241	241	241
2004	178	319	319	319	319	319	319	319	319	319	319	319	319	319	319	319	319	319	319
2005	100	236	236	236	236	236	236	236	236	236	236	236	236	236	236	236	236	236	236
2006	103	207	207	207	207	207	207	207	207	207	207	207	207	207	207	207	207	207	207
2007	85	185	185	185	185	185	185	185	185	185	185	185	185	185	185	185	185	185	185
2008	90	177	177	177	177	177	177	177	177	177	177	177	177	177	177	177	177	177	177
2009	94	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174
2010	80	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156
2011	75	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187
2012	89																		
Policy Period	6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to 126	126 to 138	138 to 150	150 to 162	162 to 174	174 to 186	186 to 198	198 to 210	210 to 222	
1994	3.091	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1995	2.315	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1996	2.321	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997	2.187	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	1.981	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999	1.531	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	1.589	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	2.485	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	1.466	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003	2.410	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004	1.792	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005	2.360	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006	2.010	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007	2.176	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008	1.967	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009	1.851	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010	1.950	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011	2.493	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3 yr. Weighted Avg.	2.076	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3 yr. Simple Avg.	2.098	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
6 yr. Weighted Avg.	2.061	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
5 yr. Simple Avg.	2.088	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All yr. Simple Avg.	2.110	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Weighed Avg. for Period 2004+	2.039	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Weighed Avg. for Period 2003+	2.080	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Prior Selected	6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to 126	126 to 138	138 to 150	150 to 162	162 to 174	174 to 186	186 to Ultimate			
Prior Selected	2.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected Age-to-Age Factor	2.080	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Age-to-Ultimate	2.080	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Paid Development - Expense**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222
1994	-	27,433	77,232	111,899	200,420	216,899	240,084	248,007	322,341	503,072	841,418	1,351,828	1,731,422	1,977,574	2,144,379	2,173,272	2,212,159	2,220,431	2,230,005
1995	-	40,578	86,977	134,486	165,985	257,409	305,628	337,182	387,515	513,823	559,140	654,134	797,625	910,077	1,026,703	1,075,096	1,136,960	1,161,275	
1996	-	11,995	39,431	162,846	200,709	210,893	215,730	231,958	286,209	323,819	461,196	656,044	862,517	1,041,758	1,225,521	1,362,265	1,439,164		
1997	-	54,402	176,759	315,193	451,955	731,022	1,383,513	1,629,888	1,694,449	1,725,066	1,840,136	2,012,079	2,133,015	2,280,526	2,418,637	2,517,438			
1998	-	104,336	193,899	470,205	1,162,714	1,764,606	2,044,125	2,441,676	3,126,889	3,532,562	3,875,709	4,179,944	4,431,888	4,724,240	4,945,082				
1999	-	12,007	86,954	403,140	729,973	983,522	1,487,175	2,468,786	3,091,807	3,600,118	3,991,427	4,280,935	4,669,028	4,987,671					
2000	150	939	117,093	298,953	571,205	1,354,247	1,862,050	2,067,526	2,354,948	2,481,623	2,648,059	2,867,994	3,017,192						
2001	993	148,978	312,938	494,399	638,920	824,646	1,335,042	1,559,623	1,779,356	2,019,045	2,292,089	2,469,608							
2002	11,730	250,054	530,452	764,930	880,062	1,027,233	1,167,726	1,359,653	1,516,322	1,724,898	1,952,331								
2003	61,448	360,265	600,571	709,946	886,715	965,225	1,080,816	1,171,579	1,333,505	1,499,649									
2004	8,494	258,111	872,659	1,268,350	1,467,004	1,699,147	1,880,551	2,055,445	2,242,522										
2005	14,481	199,050	555,531	806,211	1,101,947	1,301,221	1,473,232	1,759,834											
2006	10,227	154,866	343,412	576,952	807,757	941,402	1,030,471												
2007	5,832	250,350	524,980	762,100	947,108	1,121,420													
2008	10,579	172,403	398,549	751,925	1,097,937														
2009	6,750	330,782	778,181	1,084,940															
2010	14,243	253,019	566,659																
2011	16,050	367,742																	
2012	19,285																		
Policy Period	6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to 126	126 to 138	138 to 150	150 to 162	162 to 174	174 to 186	186 to 198	198 to 210	210 to 222	
1994	-	2.815	1.449	1.791	1.082	1.107	1.033	1.300	1.561	1.673	1.607	1.281	1.142	1.084	1.013	1.018	1.004	1.004	
1995	-	2.143	1.546	1.234	1.551	1.187	1.103	1.149	1.326	1.088	1.170	1.219	1.141	1.047	1.058	1.021			
1996	-	3.287	4.130	1.233	1.051	1.023	1.075	1.234	1.131	1.424	1.422	1.315	1.208	1.176	1.112	1.056			
1997	-	3.249	1.783	1.434	1.617	1.893	1.178	1.040	1.018	1.067	1.093	1.060	1.069	1.061	1.041				
1998	-	1.858	2.425	2.473	1.518	1.158	1.194	1.281	1.130	1.097	1.078	1.060	1.066	1.047					
1999	-	7.242	4.636	1.811	1.347	1.512	1.660	1.252	1.164	1.109	1.073	1.091	1.068						
2000	6.260	124.700	2.553	1.911	2.371	1.375	1.110	1.139	1.054	1.067	1.083	1.052							
2001	150.028	2.101	1.580	1.292	1.291	1.619	1.168	1.141	1.135	1.135	1.077								
2002	21.317	2.121	1.442	1.151	1.167	1.137	1.164	1.115	1.138	1.132									
2003	5.863	1.667	1.182	1.249	1.089	1.120	1.084	1.138	1.125										
2004	30.387	3.381	1.453	1.157	1.158	1.107	1.093	1.091											
2005	13.746	2.791	1.451	1.367	1.181	1.132	1.195												
2006	15.143	2.217	1.680	1.400	1.165	1.095													
2007	42.927	2.097	1.452	1.243	1.184														
2008	16.297	2.312	1.887	1.460															
2009	49.005	2.353	1.394																
2010	17.764	2.240																	
2011	22.912																		
3 yr. Weighted Avg.	25.688	2.305	1.527	1.364	1.178	1.112	1.125	1.110	1.133	1.107	1.077	1.070	1.068	1.067	1.061	1.039			
3 yr. Simple Avg.	29.894	2.301	1.578	1.368	1.177	1.111	1.124	1.115	1.132	1.111	1.078	1.068	1.068	1.095	1.067	1.044			
6 yr. Weighted Avg.	24.013	2.328	1.512	1.294	1.158	1.179	1.133	1.153	1.125	1.101	1.090	1.086	1.089						
5 yr. Simple Avg.	29.781	2.244	1.573	1.325	1.155	1.118	1.141	1.125	1.123	1.108	1.081	1.116	1.110	1.099					
All yr. Simple Avg.	32.637	9.916	2.003	1.480	1.341	1.266	1.172	1.171	1.178	1.199	1.200	1.154	1.116	1.099	1.053	1.044	1.013	1.004	
All yr. Weighted Avg.	18.619	2.381	1.601	1.408	1.312	1.263	1.197	1.165	1.128	1.124	1.119	1.102	1.089	1.076	1.046	1.039	1.010	1.004	
Weighted Avg. for Period 2004+	22.922	2.496	1.512	1.302	1.171	1.112	1.138	1.091											
Weighted Avg. for Period 2003+	15.844	2.345	1.463	1.294	1.157	1.114	1.125	1.108	1.125										
	6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to 126	126 to 138	138 to 150	150 to 162	162 to 174	174 to 186	186 to 198	198 to Ultimate		
Prior Selected	18.200	2.500	1.650	1.370	1.220	1.200	1.190	1.170	1.160	1.150	1.130	1.140	1.140	1.140	1.100	1.100	1.145		
Selected Age-to-Age Factor	20.000	2.400	1.650	1.370	1.190	1.180	1.180	1.170	1.150	1.120	1.100	1.100	1.100	1.100	1.100	1.06	1.200		
Age-to-Ultimate	555.020	27.751	11.563	7.008	5.115	4.298	3.643	3.067	2.639	2.294	2.049	1.862	1.693	1.539	1.399	1.272	1.200		

Notes

The tail factor at age 198 was selected based on our professional judgment and a review of the indications under various curve fits (exponential and inverse power).



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience @ 06/30/12
Closed Claim Counts

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222
1994	10	117	133	123	134	141	142	148	146	145	148	150	154	155	158	160	161	161	160
1995	41	212	213	256	272	275	271	275	277	281	295	295	304	315	318	328	335	337	
1996	24	130	201	234	242	260	262	263	266	273	277	289	297	301	312	314	321		
1997	16	165	242	254	278	277	281	288	311	320	332	342	351	357	364	371			
1998	12	218	281	315	321	331	346	362	371	391	405	418	430	436	447				
1999	32	163	295	275	284	300	339	370	381	403	416	427	437	449					
2000	22	147	147	156	176	204	218	228	250	259	267	274	281						
2001	10	38	62	105	131	145	160	184	191	200	213	221							
2002	16	63	143	183	196	213	243	251	255	259	264								
2003	10	61	98	113	132	144	156	160	170	175									
2004	9	70	122	147	173	187	202	213	226										
2005	6	55	112	133	142	154	158	165											
2006	12	71	106	117	133	143	151												
2007	13	68	95	106	115	124													
2008	14	66	87	95	108														
2009	6	51	76	94															
2010	9	47	85																
2011	6	60																	
2012	18																		



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience @ 06/30/12
Open Claims

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222
1994	45	53	37	47	36	29	28	22	24	25	22	20	16	15	12	10	9	9	10
1995	127	177	176	133	117	114	118	114	112	108	94	94	85	74	71	61	54	52	
1996	141	253	182	149	141	123	121	120	117	110	106	94	86	82	71	69	62		
1997	182	268	191	179	155	156	152	145	122	113	101	91	82	76	69	62			
1998	255	311	248	214	208	198	183	167	158	138	124	111	99	93	82				
1999	343	411	279	299	290	274	235	204	193	171	158	147	137	125					
2000	202	209	209	200	180	152	138	128	106	97	89	82	75						
2001	124	295	271	228	202	188	173	149	142	133	120	112							
2002	222	286	206	166	153	136	106	98	94	90	85								
2003	90	180	143	128	109	97	85	81	71	66									
2004	169	249	197	172	146	132	117	106	93										
2005	94	181	124	103	94	82	78	71											
2006	91	136	101	90	74	64	56												
2007	72	117	90	79	70	61													
2008	76	111	90	82	69														
2009	88	123	98	80															
2010	71	109	71																
2011	69	127																	
2012	71																		



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience @ 06/30/12
Ratios of Paid to Incurred Loss

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222
1994	0.012	0.114	0.297	0.480	0.641	0.688	0.675	0.721	0.705	0.734	0.764	0.787	0.812	0.821	0.890	0.912	0.922	0.932	0.940
1995	0.009	0.251	0.489	0.605	0.693	0.730	0.679	0.709	0.736	0.764	0.806	0.811	0.828	0.841	0.858	0.895	0.908	0.919	
1996	0.042	0.247	0.433	0.584	0.648	0.659	0.693	0.718	0.725	0.779	0.805	0.836	0.853	0.869	0.887	0.895	0.901		
1997	0.067	0.281	0.516	0.572	0.638	0.689	0.664	0.724	0.754	0.799	0.822	0.863	0.876	0.893	0.910	0.935			
1998	0.034	0.348	0.523	0.587	0.645	0.694	0.704	0.744	0.786	0.809	0.858	0.890	0.909		0.935				
1999	0.038	0.255	0.472	0.562	0.579	0.633	0.707	0.748	0.772	0.813	0.858	0.888	0.903	0.918					
2000	0.087	0.257	0.465	0.555	0.607	0.647	0.721	0.780	0.832	0.869	0.891	0.896	0.921						
2001	0.050	0.193	0.364	0.501	0.605	0.675	0.735	0.797	0.824	0.860	0.885	0.889							
2002	0.008	0.164	0.325	0.472	0.560	0.650	0.741	0.790	0.819	0.851	0.864								
2003	0.010	0.164	0.327	0.505	0.615	0.718	0.772	0.797	0.818	0.845									
2004	0.003	0.100	0.255	0.432	0.569	0.684	0.732	0.759	0.813										
2005	0.008	0.117	0.364	0.532	0.620	0.709	0.766	0.814											
2006	0.009	0.166	0.404	0.561	0.667	0.765	0.770												
2007	0.029	0.281	0.541	0.646	0.741	0.790													
2008	0.045	0.281	0.484	0.623	0.707														
2009	0.025	0.220	0.449	0.618															
2010	0.030	0.234	0.492																
2011	0.018	0.159																	
2012	0.006																		

Note - Loss data equals ratio of data in Exhibit 13 to data in Exhibit 12.



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience @ 06/30/12
Ratios of Closed to Reported Claims

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222
1994	0.182	0.688	0.782	0.724	0.788	0.829	0.835	0.871	0.859	0.853	0.871	0.882	0.906	0.912	0.929	0.941	0.947	0.947	0.941
1995	0.244	0.545	0.548	0.658	0.699	0.707	0.697	0.707	0.712	0.722	0.758	0.758	0.781	0.810	0.817	0.843	0.861	0.866	
1996	0.145	0.339	0.525	0.611	0.632	0.679	0.684	0.687	0.695	0.713	0.723	0.755	0.775	0.786	0.815	0.820	0.838		
1997	0.081	0.381	0.559	0.587	0.642	0.640	0.649	0.665	0.718	0.739	0.767	0.790	0.811	0.824	0.841	0.857			
1998	0.045	0.412	0.531	0.595	0.607	0.626	0.654	0.684	0.701	0.739	0.766	0.790	0.813	0.824	0.845				
1999	0.085	0.284	0.514	0.479	0.495	0.523	0.591	0.645	0.664	0.702	0.725	0.744	0.761	0.782					
2000	0.098	0.413	0.413	0.438	0.494	0.573	0.612	0.640	0.702	0.728	0.750	0.770	0.789						
2001	0.075	0.114	0.186	0.315	0.393	0.435	0.480	0.553	0.574	0.601	0.640	0.664							
2002	0.067	0.181	0.410	0.524	0.562	0.610	0.696	0.719	0.731	0.742	0.756								
2003	0.100	0.253	0.407	0.469	0.548	0.598	0.647	0.664	0.705	0.726									
2004	0.051	0.219	0.382	0.461	0.542	0.586	0.633	0.668	0.708										
2005	0.060	0.233	0.475	0.564	0.602	0.653	0.669	0.699											
2006	0.117	0.343	0.512	0.565	0.643	0.691	0.729												
2007	0.153	0.368	0.514	0.573	0.622	0.670													
2008	0.156	0.373	0.492	0.537	0.610														
2009	0.064	0.293	0.437	0.540															
2010	0.113	0.301	0.545																
2011	0.080	0.321																	
2012	0.202																		

Note - Loss data equals ratio of data in Exhibit 16 to data in Exhibit 14.



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience @ 06/30/12
Average Incurred Loss per Reported Claim

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Policy Period	Age in Months																		
	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222
1994	41,697	55,784	52,350	50,513	46,651	48,909	63,157	67,855	76,395	78,941	80,128	81,082	81,876	83,234	87,087	87,355	88,511	89,435	90,616
1995	51,269	41,385	47,040	51,171	54,104	62,303	77,626	85,376	92,036	96,338	98,609	105,395	108,880	115,588	118,253	117,357	119,559	121,166	
1996	54,160	61,015	67,660	72,129	79,663	95,467	105,225	115,463	126,591	129,263	135,788	141,488	146,150	149,307	149,064	152,400	154,619		
1997	61,534	64,346	65,264	83,550	98,214	110,088	132,337	141,685	148,245	151,196	156,597	158,391	162,765	165,742	167,238	166,371			
1998	74,696	68,047	79,115	97,650	114,501	129,898	147,959	158,390	166,719	175,189	177,491	178,426	181,552	184,150	185,803				
1999	69,359	73,671	91,068	113,959	145,802	162,973	167,938	176,224	186,707	191,535	195,612	197,740	200,360	202,291					
2000	80,771	87,664	110,233	129,783	150,921	170,116	176,043	180,100	180,979	183,855	187,904	192,313	192,241						
2001	120,337	127,998	149,860	162,547	180,239	197,135	208,057	210,586	219,884	225,438	230,954	239,202							
2002	114,881	119,841	125,095	134,481	148,544	157,915	161,162	170,221	175,672	177,892	183,290								
2003	117,300	103,700	123,155	126,919	132,981	133,903	142,659	151,843	158,494	162,296									
2004	121,461	126,660	126,895	152,464	150,342	149,672	161,339	171,508	169,467										
2005	137,350	129,808	124,711	125,433	138,143	142,972	149,321	155,663											
2006	112,379	109,056	100,637	106,890	112,781	117,569	131,212												
2007	117,118	109,327	111,909	132,084	141,521	149,755													
2008	116,500	110,607	126,739	132,894	138,407														
2009	124,096	127,912	123,499	118,912															
2010	116,663	112,391	111,865																
2011	120,133	108,419																	
2012	101,809																		

Note - Loss data equals ratio of data in Exhibit 12 to data in Exhibit 14.



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Average Paid Loss per Closed Claim**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222
1994	2,655	9,278	19,864	33,531	37,947	40,585	51,003	56,194	62,706	67,913	70,342	72,292	73,382	74,912	83,358	84,603	86,146	87,979	90,501
1995	1,960	19,090	41,968	47,073	53,597	64,315	75,703	85,640	95,164	101,863	104,793	112,687	115,427	120,114	124,184	124,552	126,082	128,546	
1996	15,752	44,394	55,840	68,990	81,712	92,736	106,590	120,797	132,063	141,323	151,227	156,680	160,728	165,113	162,381	166,338	166,180		
1997	50,961	47,402	60,254	81,506	97,531	118,535	135,465	154,281	155,719	163,548	167,797	173,014	175,957	179,588	181,128	181,538			
1998	55,794	57,512	77,905	96,182	121,730	144,090	159,153	172,185	186,837	191,814	198,967	200,974	202,934	207,752	205,667				
1999	31,100	66,243	83,595	133,728	170,737	197,329	201,022	204,576	217,036	221,769	231,660	236,066	237,710	237,523					
2000	71,594	54,584	124,014	164,460	185,433	192,001	207,291	219,255	214,422	219,488	223,205	223,981	224,431						
2001	80,891	216,508	292,970	258,204	277,017	305,783	318,305	303,762	315,981	322,679	319,429	320,418							
2002	13,522	108,556	99,162	121,129	148,204	168,214	171,590	186,900	196,855	203,884	209,280								
2003	11,645	67,261	98,890	136,761	149,214	160,916	170,195	182,280	183,795	188,844									
2004	6,159	57,909	84,494	142,971	157,797	174,767	186,541	194,902	194,522										
2005	19,292	65,233	95,530	118,445	142,442	155,447	170,813	181,328											
2006	8,245	52,709	79,455	106,077	117,114	130,204	138,537												
2007	21,994	83,478	117,998	148,993	168,597	176,587													
2008	33,851	83,436	124,891	154,263	160,438														
2009	49,445	95,891	127,057	135,948															
2010	30,797	87,318	100,909																
2011	26,736	53,753																	
2012	2,943																		

Note - Loss data equals ratio of data in Exhibit 13 to data in Exhibit 16.



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Average Case Outstanding Loss**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Policy Period	Age in Months		30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222
	6	18																	
1994	50,373	158,449	169,125	94,954	79,050	89,377	124,792	146,299	159,668	142,906	145,957	147,008	163,625	169,222	136,183	131,394	130,815	115,490	92,468
1995	67,188	68,089	53,179	59,059	55,283	57,449	82,042	84,741	84,300	81,962	79,203	82,510	85,465	96,322	91,689	78,670	79,095	73,339	
1996	60,698	69,556	80,715	77,060	76,146	101,239	102,270	103,772	114,151	99,332	95,442	94,781	95,805	91,289	90,547	88,971	94,767		
1997	62,464	74,777	71,612	86,451	99,439	95,089	126,553	116,667	129,190	116,217	119,783	103,435	106,297	100,707	93,964	75,612			
1998	75,585	75,432	80,486	99,810	103,344	106,173	126,795	128,485	119,479	128,086	107,347	93,516	88,683	73,497	77,521				
1999	72,929	76,616	98,970	95,776	121,384	125,356	120,211	124,801	126,834	120,281	100,700	86,413	81,222	75,735					
2000	81,770	110,931	100,539	102,735	117,176	140,746	126,679	110,355	102,105	88,710	82,001	86,496	71,634						
2001	123,518	116,597	117,120	118,494	117,477	113,337	106,093	95,524	90,628	79,212	73,913	78,946							
2002	122,186	122,327	143,097	149,201	148,979	141,785	137,256	127,504	118,208	103,094	102,570								
2003	129,039	116,048	139,784	118,230	113,323	93,803	92,122	91,720	97,914	91,904									
2004	127,601	145,987	153,153	160,577	141,508	114,120	117,829	124,499	108,580										
2005	144,886	149,431	151,068	134,457	131,650	119,543	105,787	96,018											
2006	126,111	138,472	122,868	107,946	104,994	89,338	111,461												
2007	134,293	124,350	105,483	109,397	97,040	95,212													
2008	131,725	126,763	128,526	108,137	103,924														
2009	129,186	141,189	120,739	98,894															
2010	127,547	123,202	124,981																
2011	128,255	134,245																	
2012	126,874																		

Note - The above values can be calculated according to the following formula: (Exhibit 12 - Exhibit 13) / (Exhibit 14 - Exhibit 16)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience @ 06/30/12
Ratios of Paid ALAE to Paid Loss

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222
1994	0.000	0.025	0.029	0.027	0.039	0.038	0.033	0.030	0.035	0.051	0.081	0.125	0.153	0.170	0.163	0.161	0.159	0.157	0.154
1995	0.000	0.010	0.010	0.011	0.011	0.015	0.015	0.014	0.015	0.018	0.018	0.020	0.023	0.024	0.026	0.026	0.027	0.027	
1996	0.000	0.002	0.004	0.010	0.010	0.009	0.008	0.007	0.008	0.008	0.011	0.014	0.018	0.021	0.024	0.026	0.027		
1997	0.000	0.007	0.012	0.015	0.017	0.022	0.036	0.037	0.035	0.033	0.033	0.034	0.035	0.036	0.037	0.037			
1998	0.000	0.008	0.009	0.016	0.030	0.037	0.037	0.039	0.045	0.047	0.048	0.050	0.051	0.052	0.054				
1999	0.000	0.001	0.004	0.011	0.015	0.017	0.022	0.033	0.037	0.040	0.041	0.042	0.045	0.047					
2000	0.000	0.000	0.006	0.012	0.018	0.035	0.041	0.041	0.044	0.044	0.044	0.047	0.048						
2001	0.001	0.018	0.017	0.018	0.018	0.019	0.026	0.028	0.029	0.031	0.034	0.035							
2002	0.054	0.037	0.037	0.035	0.030	0.029	0.028	0.029	0.030	0.033	0.035								
2003	0.528	0.088	0.062	0.046	0.045	0.042	0.041	0.040	0.043	0.045									
2004	0.153	0.064	0.085	0.060	0.054	0.052	0.050	0.050	0.051										
2005	0.125	0.055	0.052	0.051	0.054	0.054	0.055	0.059											
2006	0.103	0.041	0.041	0.046	0.052	0.051	0.049												
2007	0.020	0.044	0.047	0.048	0.049	0.051													
2008	0.022	0.031	0.037	0.051	0.063														
2009	0.023	0.068	0.081	0.085															
2010	0.051	0.062	0.066																
2011	0.100	0.114																	
2012	0.364																		

Note - Loss data equals ratio of data in Exhibit 15 to data in Exhibit 13.



Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience @ 06/30/12
Average Paid ALAE per Reported Claim

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Policy Period	Age in Months																		
	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222
1994	-	161	454	658	1,179	1,276	1,412	1,459	1,896	2,959	4,950	7,952	10,185	11,633	12,614	12,784	13,013	13,061	13,118
1995	-	104	224	346	427	662	786	867	996	1,321	1,437	1,682	2,050	2,340	2,639	2,764	2,923	2,985	
1996	-	31	103	425	524	551	563	606	747	845	1,204	1,713	2,252	2,720	3,200	3,557	3,758		
1997	-	126	408	728	1,044	1,688	3,195	3,764	3,913	3,984	4,250	4,647	4,926	5,267	5,586	5,814			
1998	-	197	367	889	2,198	3,336	3,864	4,616	5,911	6,678	7,326	7,902	8,378	8,931	9,348				
1999	-	21	151	702	1,272	1,713	2,591	4,301	5,386	6,272	6,954	7,458	8,134	8,689					
2000	1	3	329	840	1,605	3,804	5,230	5,808	6,615	6,971	7,438	8,056	8,475						
2001	7	447	940	1,485	1,919	2,476	4,009	4,684	5,343	6,063	6,883	7,416							
2002	49	716	1,520	2,192	2,522	2,943	3,346	3,896	4,345	4,942	5,594								
2003	614	1,495	2,492	2,946	3,679	4,005	4,485	4,861	5,533	6,223									
2004	48	809	2,736	3,976	4,599	5,326	5,895	6,443	7,030										
2005	145	843	2,354	3,416	4,669	5,514	6,243	7,457											
2006	99	748	1,659	2,787	3,902	4,548	4,978												
2007	69	1,353	2,838	4,119	5,120	6,062													
2008	118	974	2,252	4,248	6,203														
2009	72	1,901	4,472	6,235															
2010	178	1,622	3,632																
2011	214	1,967																	
2012	217																		

Note - Loss data equals ratio of data in Exhibit 15 to data in Exhibit 14.



Pennsylvania Insurance Department / Bureau of Special Funds USTIF Loss Fund

USTIF Loss Fund Experience @ 06/30/12 Data Summary - Loss Summary

(1) Policy Period	(2)	(3)	(4)	(5)
	Loss			ALAE
	Paid	Case Reserve	Case Incurred	Paid
1994	14,480,115	924,683	15,404,798	2,230,005
1995	43,319,945	3,813,639	47,133,584	1,161,275
1996	53,343,725	5,875,528	59,219,253	1,439,164
1997	67,350,780	4,687,916	72,038,696	2,517,438
1998	91,933,051	6,356,742	98,289,793	4,945,082
1999	106,647,940	9,466,824	116,114,764	4,987,671
2000	63,065,100	5,372,579	68,437,679	3,017,192
2001	70,812,422	8,841,935	79,654,357	2,469,608
2002	55,249,860	8,718,438	63,968,298	1,952,331
2003	33,047,621	6,065,652	39,113,273	1,499,649
2004	43,962,061	10,097,948	54,060,009	2,242,522
2005	29,919,189	6,817,290	36,736,479	1,759,834
2006	20,919,129	6,241,828	27,160,957	1,030,471
2007	21,896,733	5,807,911	27,704,644	1,121,420
2008	17,327,320	7,170,753	24,498,073	1,097,937
2009	12,779,155	7,911,536	20,690,691	1,084,940
2010	8,577,291	8,873,647	17,450,938	566,659
2011	3,225,205	17,049,174	20,274,379	367,742
2012	52,971	9,008,029	9,061,000	19,285
Total	757,909,613	139,102,052	897,011,665	35,510,225

(2) Based on client data.

(3) Based on client data.

(4) = (2) + (3)

(5) Based on client data.



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 06/30/12
Data Summary - Number of Open Claims at Prior Valuations**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Policy Period	Number of Open Claims as of:						
	6/30/2006	6/30/2007	6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012
1994	16	15	12	10	9	9	10
1995	94	85	74	71	61	54	52
1996	106	94	86	82	71	69	62
1997	113	101	91	82	76	69	62
1998	158	138	124	111	99	93	82
1999	204	193	171	158	147	137	125
2000	138	128	106	97	89	82	75
2001	188	173	149	142	133	120	112
2002	153	136	106	98	94	90	85
2003	128	109	97	85	81	71	66
2004	197	172	146	132	117	106	93
2005	181	124	103	94	82	78	71
2006	91	136	101	90	74	64	56
2007	n/a	72	117	90	79	70	61
2008	n/a	n/a	76	111	90	82	69
2009	n/a	n/a	n/a	88	123	98	80
2010	n/a	n/a	n/a	n/a	71	109	71
2011	n/a	n/a	n/a	n/a	n/a	69	127
2012	n/a	n/a	n/a	n/a	n/a	n/a	71
Total	1,767	1,676	1,559	1,541	1,496	1,470	1,430

(2) - (8) From Exhibit 17.



Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience @ 06/30/12
Data Summary - Claim Counts

(1)	(2)	(3)	(4)
Policy Period	Closed Claim Counts	Open Claim Counts	Reported Claim Counts
1994	160	10	170
1995	337	52	389
1996	321	62	383
1997	371	62	433
1998	447	82	529
1999	449	125	574
2000	281	75	356
2001	221	112	333
2002	264	85	349
2003	175	66	241
2004	226	93	319
2005	165	71	236
2006	151	56	207
2007	124	61	185
2008	108	69	177
2009	94	80	174
2010	85	71	156
2011	60	127	187
2012	18	71	89
Total	4,057	1,430	5,487

(2) Based on client data.

(3) Based on client data.

(4) = (2) + (3)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience @ 8/7/2011
Data Summary - Fixed Price Contracts Through Close**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Policy Period	Year Entered Into Since Policy Year Inception															Total
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	
1998	n/a	n/a	n/a	n/a	n/a	n/a	0	0	1	6	2	6	3	1	2	21
1999	n/a	n/a	n/a	n/a	n/a	0	0	3	8	5	2	5	2	2		27
2000	n/a	n/a	n/a	n/a	1	0	3	1	3	1	2	0	2			13
2001	n/a	n/a	n/a	0	0	2	2	2	3	4	2	1				16
2002	n/a	n/a	0	2	0	1	3	3	1	2	0					12
2003	n/a	0	1	6	0	1	4	0	2	0						14
2004	0	2	4	3	4	1	3	0	1							18
2005	0	3	3	7	4	5	3	3								28
2006	0	1	5	4	4	1	0									15
2007	0	3	4	1	1	1										10
2008	0	1	1	2	5											9
2009	0	1	3	1												5
2010	0	3	1													4
2011	0	0														0
2012	0															0
Total	0	14	22	26	19	12	18	12	19	18	8	12	7	3	2	192

(2) through (16) Incremental counts based on client data.

(17) Sum of (2) through (16).

Note: Values on last diagonal represent 9 months of data.

There are four records with missing contract year that are not included above.



Appendix

Prepared for: Underground Storage Tank Indemnification Fund and TIIP

Aon Risk Solutions | Global Risk Consulting | Actuarial and Analytics



Pennsylvania Insurance Department / Bureau of Special Funds Tank Installers Indemnification Program

Loss and Expense Projections Incurred by Fiscal Year

(1)	(2)	(3)	(4)	(5)
<u>Fiscal Year</u>	<u>Total Revenue</u>	<u>Estimated Total Annual Cost</u>	<u>Underwriting Income</u>	<u>Cumulative Underwriting Income</u>
7/1/12 - 6/30/13	285,500	305,050	(19,550)	(19,550)
7/1/13 - 6/30/14	285,500	316,202	(30,702)	(50,252)
7/1/14 - 6/30/15	285,500	327,766	(42,266)	(92,518)
7/1/15 - 6/30/16	285,500	339,756	(54,256)	(146,774)
7/1/16 - 6/30/17	285,500	352,188	(66,688)	(213,462)
7/1/17 - 6/30/18	285,500	365,079	(79,579)	(293,041)
7/1/18 - 6/30/19	285,500	378,447	(92,947)	(385,987)
7/1/19 - 6/30/20	285,500	392,307	(106,807)	(492,795)
7/1/20 - 6/30/21	285,500	406,681	(121,181)	(613,975)
7/1/21 - 6/30/22	285,500	421,585	(136,085)	(750,061)
Total	2,855,000	3,605,061	(750,061)	

(2) From Appendix Exhibit 3 with a 0% trend going forward.

(3) From Appendix Exhibit 2.

(4) Equals (2) - (3).

(5) From (4).



**Pennsylvania Insurance Department / Bureau of Special Funds
Tank Installers Indemnification Program**

**Loss and Expense Projections
Incurred by Fiscal Year**

(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Fiscal Year</u>	<u>Tanks-Installed</u>	<u>Loss Rate</u>	<u>Estimated Annual ALAE</u>	<u>Estimated Annual Loss and ALAE</u>	<u>Estimated ULAE</u>	<u>Estimated Total Annual Cost</u>
7/1/12 - 6/30/13	260	950	37,050	284,050	21,000	305,050
7/1/13 - 6/30/14	260	983	38,717	294,362	21,840	316,202
7/1/14 - 6/30/15	260	1,018	40,460	305,052	22,714	327,766
7/1/15 - 6/30/16	260	1,053	42,280	316,134	23,622	339,756
7/1/16 - 6/30/17	260	1,090	44,183	327,621	24,567	352,188
7/1/17 - 6/30/18	260	1,128	46,171	339,530	25,550	365,079
7/1/18 - 6/30/19	260	1,168	48,249	351,875	26,572	378,447
7/1/19 - 6/30/20	260	1,209	50,420	364,673	27,635	392,307
7/1/20 - 6/30/21	260	1,251	52,689	377,941	28,740	406,681
7/1/21 - 6/30/22	260	1,295	55,060	391,695	29,890	421,585
Total	2,600		455,278	3,352,932	252,128	3,605,061

(2) From Appendix Exhibit 6 for 2012 (0% trend per annum thereafter).

(3) From Appendix Exhibit 4-1 for 2012 (3.5% trend per annum thereafter).

(4) From the projections in the USTIF Loss Fund analysis.

(5) Equals (2) times (3) + (4).

(6) Value for 2012 selected based on discussions with the PA Insurance Department. Trended at 4% thereafter.

(7) Sum of (5) and (6).



**Pennsylvania Insurance Department / Bureau of Special Funds
Tank Installers Indemnification Program**

Estimated Revenue for the Period 7/1/2012 - 6/30/2013

(1)	(2)	(3)	(4)
Type	Number of Licenses or Activities	Fees	Revenue
Company Fees	221	1,000	221,000
Activity - Removal	500	15	7,500
Activity - Major Modifications	880	50	44,000
Activity - Installations	260	50	13,000
		Total	285,500

(2) From Appendix Exhibit 6 with the Number of Licenses provided by the PA Insurance Department.

(3) From the current fee structure.

(4) Equals (2) times (3)



**Pennsylvania Insurance Department / Bureau of Special Funds
Tank Installers Indemnification Program**

Estimation of Prospective Loss Rate

(1)	(2)	(3)	(4)	(5)
<u>Calendar or Fiscal Year</u>	<u>Indicated Ultimate</u>	<u>Ultimate Trended to 2012/13</u>	<u>Tanks-Installed</u>	<u>Loss per Tank</u>
1/1/02 - 6/30/02	0	0	86	0
7/1/02 - 6/30/03	80,735	113,884	461	247
7/1/03 - 6/30/04	167,225	227,911	334	682
7/1/04 - 6/30/05	0	0	314	0
7/1/05 - 6/30/06	0	0	261	0
7/1/06 - 6/30/07	0	0	220	0
7/1/07 - 6/30/08	0	0	232	0
7/1/08 - 6/30/09	0	0	275	0
7/1/09 - 6/30/10	105,255	116,698	241	484
7/1/10 - 6/30/11	1,285,233	1,376,773	242	5,689
7/1/11 - 6/30/12	841,547	871,001	292	2,983
Total	2,479,994	2,706,268	2,958	915
Control	2,479,994		2,958	
			Average: 7/1/2002 - 7/31/2012	942
			Average: 7/1/2004 - 7/31/2012	1,138
			Prior Selected Loss Rate (2011 Review)	610
			Selected Loss Rate	950

- (2) From Appendix Exhibit 4-2.
(3) Trended at 3.5% per annum.
(4) From Appendix Exhibit 6.
(5) Equals (3) divided by (4).



**Pennsylvania Insurance Department / Bureau of Special Funds
Tank Installers Indemnification Program**

Estimation of Ultimate TIIP Losses

(1)	(2)	(3)	(4)	(5)	(6) (2) + (1-(3))*(4)x (1-.2)	(7) see note
<u>Calendar or Fiscal Year</u>	<u>Reported Loss at 7/31/12</u>	<u>Expected % Reported at 7/31/2012</u>	<u>Revenue</u>	<u>Loss Development Estimate</u>	<u>BF Loss Estimates</u>	<u>Indicated Ultimate</u>
1/1/02 - 6/30/02	0	83%	208,026	0	27,598	0
7/1/02 - 6/30/03	80,735	82%	348,561	98,619	131,303	80,735
7/1/03 - 6/30/04	125,000	80%	325,583	156,725	177,725	167,225
7/1/04 - 6/30/05	0	78%	320,096	0	57,290	0
7/1/05 - 6/30/06	0	73%	310,424	0	66,519	0
7/1/06 - 6/30/07	0	69%	300,471	0	75,054	0
7/1/07 - 6/30/08	0	64%	299,774	0	87,371	0
7/1/08 - 6/30/09	0	60%	327,028	0	103,716	0
7/1/09 - 6/30/10	50,000	56%	286,278	89,826	151,542	105,255
7/1/10 - 6/30/11	1,172,000	51%	290,385	2,286,494	1,285,233	1,285,233
7/1/11 - 6/30/12	700,000	38%	286,120	1,834,327	841,547	841,547
Total	2,127,735		3,302,746	4,465,992	3,004,896	2,479,994
Control	2,127,735		3,302,746			

(2) From Appendix Exhibit 5.

Although not reflected above, we have been informed that the reported loss for 2010/11 has been reduced by approx. \$168K due to a recent settlement.

(3) Per USTIF loss development factors.

(4) From Appendix Exhibit 6.

(5) Equals (2) divided by (3).

(6) Assumes a 20% expense to revenue ratio based on the assumptions in the USTIF analysis (includes a provision for ULAE).

(7) Equals (2) if there are no open or appealed cases and equals (6) for 2010-2012. Otherwise, equals the average of (5) and (6).



**Pennsylvania Insurance Department / Bureau of Special Funds
Tank Installers Indemnification Program**

Summary of TIIP Data as of July 31, 2012

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Number of Claims by Type					
<u>Calendar or Fiscal Year</u>	Open	Appealed	Closed or Withdrawn	Total	Paid ALAE Expense Amounts	Reported Loss
1/1/02 - 6/30/02	-	-	-	-	-	-
7/1/02 - 6/30/03	-	-	5	5	54,247	80,735
7/1/03 - 6/30/04	1	-	3	4	26,397	125,000
7/1/04 - 6/30/05	-	-	-	-	-	-
7/1/05 - 6/30/06	-	-	-	-	-	-
7/1/06 - 6/30/07	-	-	2	2	-	-
7/1/07 - 6/30/08	-	-	1	1	-	-
7/1/08 - 6/30/09	-	-	-	-	-	-
7/1/09 - 6/30/10	1	1	-	2	-	50,000
7/1/10 - 6/30/11	3	-	-	3	96,294	1,172,000
7/1/11 - 6/30/12	3	-	3	6	50,289	700,000
Total	8	1	14	23	227,227	2,127,735
Control	8	1	14	23	227,227	2,127,735
					-	-

(2) - (4) Based on client data.
 (5) Sum of (2) through (4).
 (6) & (7) Based on client data.



Pennsylvania Insurance Department / Bureau of Special Funds Tank Installers Indemnification Program

Exposure Summary - By Period

(1)	(2)	(3)	(4)	(5)
	Activities			
<u>Calendar or Fiscal Year</u>	<u>Tanks-Removed or Closed</u>	<u>Tanks-Major Modifications</u>	<u>Tanks-Installed</u>	<u>Total Fee Revenue</u>
1/1/02 - 6/30/02	239	99	86	208,026
7/1/02 - 6/30/03	783	559	461	348,561
7/1/03 - 6/30/04	973	561	334	325,583
7/1/04 - 6/30/05	817	681	314	320,096
7/1/05 - 6/30/06	646	569	261	310,424
7/1/06 - 6/30/07	513	476	220	300,471
7/1/07 - 6/30/08	522	489	232	299,774
7/1/08 - 6/30/09	580	822	275	327,028
7/1/09 - 6/30/10	475	725	241	286,278
7/1/10 - 6/30/11	529	907	242	290,385
7/1/11 - 6/30/12	418	885	292	286,120
Total	6,495	6,773	2,958	3,302,746
(6a) Indication #1 for 7/1/12 - 6/30/13	431	1,036	272	
(6b) Indication #2 for 7/1/12 - 6/30/13	399	930	274	
(6c) Average for 7/1/06 - 6/30/12	506	717	250	
(6d) Average for 7/1/08 - 6/30/12	501	835	263	
(7) Selected for 7/1/12 - 6/30/13	500	880	260	

(2) - (5) Based on client data.

(6a) Based on Linear Regression for 2005 - 2011.

(6b) Based on Linear Regression for 2008 - 2011.

(6c) and (6d) Simple Averages

(7) Selected based on actuarial judgment and discussions with the client.